



**Minutes of the Nutrient Research & Education Council Meeting
Asmark Agricenter, Bloomington, IL
February 1, 2013**

The Nutrient Research & Education Council (NREC) convened at 12:30 p.m. in the Agricenter C Conference Room of the Asmark Agricenter, 14171 Carole Drive, Bloomington, IL. In attendance were:

Voting Members:

Dale Hadden, Gary Hudson, Matt Hughes, Howard Brown, Ed Corrigan, Matt Duncan, Dave Creech, Chris Matlock, Jim Larkin

Non-Voting Members:

Marcia Willhite, Jessica Dexter, Cindy Skrukrud. German Bollero was absent but excused.

Also in attendance were Jean Payne, Phil Thornton, Ron Moore, Robert Hoeft, Mike Plumer, Chris Hausman, Kevin Semlow and Dan Schaefer.

The first order of business was to review the agenda. Dale Hadden made a motion to move the agenda item relative to the NREC financial report further up the agenda, to precede the discussion about the research projects; motion seconded by Matt Hughes, motion carried.

Approval of December 11, 2012 Meeting Minutes

The Council reviewed the minutes of the December 11, 2012 meeting. Motion to accept the minutes made by Matt Hughes, seconded by Dave Creech, motion carried.

NREC-ByLaws & Policy/Procedures

The final version of the NREC bylaws was provided in the Board book. Jean Payne reviewed the NREC Policy & Procedure document, indicating she had included various policies as items arose, such as the policy on public participation at both Council and Committee meetings and expense reimbursement for Council members, to include overnight lodging for out of town Council members. Dale made a motion to accept these changes in the policy/procedure document, seconded by Ed Corrigan, motion carried.

NREC Financial Management

Matt Hughes presented the Treasurer's Report including a review of the NREC balance sheet and proposed budget for 2013. He also reported that he attended a meeting on January 25, 2013 along with the staff of IFCA, staff from the IL Ag Auditing Association (IAAA) and representatives from Commerce Bank to review NREC financial management items. Motion made by Dale Hadden to accept the Treasurer's Report, seconded by Jim Larkin, motion carried.

Matt explained the recommendation by IAAA to create a new 501(c) (5) organization for the money generated by the statutory fertilizer assessment. This would require a name change for the current NREC 501(c) (3) organization to the Nutrient Research & Education Foundation (NREF) which would then remain governed by the original bylaws filed with the IRS; the original (c)(3) organization was a foundation to pursue education and programs for to improve agronomic practices, governed by members of the IFCA Board and IL CCA board. Once the new 501(c) (5) is created for NREC, the monies generated from the fertilizer assessment will be transferred from the (c)(3) (NREF) to the new 501(c) (5)

called NREC and we will file the NREC bylaws with the IRS in pursuing creating of this new entity. David Reid will assist Jean Payne in facilitating the necessary paperwork to accomplish this objective. Dale Hadden made a motion to proceed with this name change and creation of the 501(c) (5), seconded by Howard Brown, motion carried. Matt Hughes recommended that Commerce Bank be the banking institution to hold the NREC funds and made a motion to that effect, seconded by Chris Matlock, motion carried. Howard Brown made motion to authorize the signing of NREC checks by the Chair, Treasurer and NREC Administrator. Jim Larkin seconded, motion carried.

NREC Research/Education Projects

Jim Larkin provide an update from the IL Dept. of Agriculture on the process of invoicing the fertilizer registrants for the NREC assessment. He reported that based on the fall tonnage reports received as of January 31, 2013; IDA will invoice a total of \$1,556,930 for NREC. The registrants have until the end of February 2013 to pay the invoices; IDA will follow-up with those who do not remit payments in time.

Dale Hadden discussed the recommendation of the NREC Research Committee, which had met by conference call on January 18, 2012 and in a 9:00 am – Noon meeting on February 1, 2013. Dale reviewed the thought process of the committee on the dollar amount to allocate to projects at this time, which should not exceed what we expect to collect from the fall tonnage assessments.

Dale reviewed a motion that was made by Jessica Dexter during the Research Committee meeting, which the Research Committee had accepted as follows: *For 2013, NREC should allocate funds for projects based on tonnage invoiced from July 2012 to December 2012 (fall tonnage). For 2014, NREC would then allocate funds invoiced for January 2013 – July 2013 (spring tons) and also the July 2013 - December 2013 (fall tons) with quarterly payments provided to approved projects in 2013.* Howard Brown made a motion to accept this recommendation. Prior to a second, the committee discussed the provision of making quarterly payments; Bob Hoeft explained that some projects would need funding immediately to get started, but not all. The Council discussed how it would ensure progress and justification for quarterly payments and that it would be helpful in the future to have the RFP require the budgets be submitted in quarters. Matt Hughes made a motion to strike the provision for quarterly payments suggesting each project should be addressed individually in terms of payment timing. Bob assured the Council he would oversee the projects to ensure the funding allocated was in line with the progress being made. Matt Hughes amended his motion and made a motion that quarterly payments are contingent upon a semi-annual, satisfactory progress report, which would give the Council the ability to adjust funding if progress is unsatisfactory. Howard Brown seconded this amended motion; the amended motion carried. Thus, projects will receive quarterly payments contingent upon a successful semi-annual progress report.

Dale provided an overview of the Research Committee’s recommendation on which projects to fund based upon the available funds from the fall tonnage assessment. He discussed that the Committee had reviewed each project and also considered the input of the peer review team in making their recommendation. The projects recommended for funding, and the total funding amounts, are:

| | |
|--|--|
| #1 (Anhydrous Ammonia Safety Training) | \$105,000 |
| #2 (KIC Program) | 550,000 |
| #3 (CBMP Discovery Farms) | 200,000 |
| #7 (Cover Crop Study) | 187,000 |
| #16 (P & K Recommendations) | 200,700 |
| #17 (Salt Fork Point/Non Point Study) | 26,750 |
| #19 (P Runoff Study) | 151,000 |
| | <u>125,000</u> (estimated NREC administrative costs) |
| TOTAL | \$1,545,450 |

Dale Hadden made a motion to accept these projects and amounts for funding in 2013. The Council discussed the specifics of several projects and Bob Hoeft addressed those questions. The Council also discussed a few projects that were not recommended for funding, due to the fact that other entities, including IL Soybean Association, were already funding research on those projects. Bob Hoeft also indicated that he would closely review the budgets of several projects and felt that some of the funding amounts for equipment could be adjusted due to the fact that he felt some of this equipment (i.e. rainfall simulators) might already be available rather than new items being purchased. Bob Hoeft also shared that some of the projects were not recommended for funding because they were focused on research seeking to validate a process that involved a specific, proprietary piece of equipment. Bob did not feel that NREC should fund projects that support an individual company's process or equipment. With discussion complete, Howard Brown seconded the motion to accept the slate of projects as presented by the Research Committee; motion carried.

Jean Payne will send a letter on behalf of NREC to each person who submitted a project, informing them if their project was accepted and for those that weren't accepted, thanking them for sending in a project for consideration and to please consider sending in future projects for NREC consideration.

Jean will work with David Reid on the NREC research contracts. When a draft is ready, she and Bob will review it and then send it out to the Council for input and arrange a conference call for the Council to discuss/amend/approve the contracts. Jim Larkin made a motion to accept this work plan for the development of the NREC contracts, seconded by Dave Creech, motion carried.

Matt Hughes noted that NREC needed to approve expenses for NREC that IFCA had accumulated prior to NREC having funding to pay for meeting, insurance and legal expenses. Matt reviewed the expense report. Howard Brown made a motion for Jean Payne to issue a check from NREC to reimburse IFCA for these expenses; Matt Hughes seconded the motion, motion carried.

Other Issues

Ron Moore, a public participant at the meeting, encouraged everyone involved to continue to educate the industry and public about NREC and its activities. Dale Hadden asked Jean to continue to encourage the ag retailers to send out the NREC brochure in their mailers to farmers.

Future Meetings

Dale stated that the Research Committee should meet in the summer to fine-tune the RFP process. The next official meeting will be arranged when the NREC contracts are ready to review.

Dale proposed that the next face-to-face meeting of the Council be held on Ag Day at the State Fair, which is August 13, 2013. Jean asked Jim Larkin to reserve a room that afternoon at IDA.

Dale Hadden made a motion to adjourn the meeting at 3:35 pm, seconded by Jim Larkin, motion carried.

Minutes recorded by Jean Payne, reviewed by Dale Hadden.