

Beef bites:

- The Wisconsin Grass-fed Beef Co-op now has **127 members!**
- **Two Board of Director Seats open. Contact Greg Nowicki if interested in running.**
- WGBC is expanding and actively seeking new producer members across the state who will produce high quality grass-fed beef according to our protocol requirements in order to supply our customer base.
- **Invest in YOUR Co-op's future! WGBC Class B stock is still available at \$100 per share.**

Co-op Number:
1-800-745-9093

Inside this issue:

| | |
|-----------------------------|---|
| Annual Mtng Agenda | 1 |
| General Manager Update | 2 |
| 2014 Annual Meeting Minutes | 3 |
| 2015 Annual Mtng cont. | 4 |
| Production Report | 5 |
| WGBC Members | 6 |

You're invited

WISCONSIN GRASS-FED BEEF COOPERATIVE ANNUAL MEETING - **February 28, 2015** Wintergreen Resort & Conference Center

100 Gasser Road, Wisconsin Dells, WI 53965

AGENDA

| | | |
|---|--|------------------------------------|
| 9:00 AM | WGBC Annual Meeting Registration - Members only | |
| 9:45 AM | Call to order | Greg N |
| 10:00 AM | Reading and Approval of 2014 Annual Meeting Minutes | Lanice S |
| 10:15 AM | Treasurer's Report | Tracey H |
| 10:30 AM | 2014 Business Summary and 2015 Outlook | Rod O |
| 11:00 AM | Member Awards and Recognition | Greg N / Rod |
| 11:15 AM | Board Member Nominations and Elections | Kevin M |
| 11:30 AM | Why WGBC should be <u>YOUR</u> market of choice | Producer panel |
| 12:15 | Election Results – Adjournment | |
| Afternoon session will be open for members and non-members of the WGBC. There is a \$25 fee/person for non-members* to attend the lunch & listen to the Featured Speaker – Allen Williams. Please invite your friends/neighbors. | | |
| 12:30 | Lunch | |
| 1:30 | Registration opens for afternoon speaker | |
| 1:45 | "The Future of Grass-fed Beef and Where You Fit" | Allen Williams |
| | Dr. Williams will give a presentation on the state of the American grass-fed beef industry and share insight on ideal grass-fed beef genetics and production tips. As proper finish to animals becomes a key differentiator, learning from others can help set your program apart. | |
| 4:00 | Board of Directors Meeting | |
| 4:00 | Social Hour – Lounge | Sponsored by: Johnson Meats |

**** Members & non-members need to RSVP by 2/17/15.** Non-members will be charged \$35/person at the door to attend the afternoon session. Contact details on page 4. ******



Guest Speaker– Dr. Allen Williams

Dr. Allen Williams, founding partner and President of Livestock Management Consultants, LLC, a livestock industry consulting firm specializing in building natural branded food programs, facilitation of Values Based Value Chain management, and Ranch/Farm business planning. He also serves as Chairman of the Board of Directors for the Association of Family Farms (AFF).

WGBC General Manager's Update - Q4 2014 & 2015 Preview

It is a good time to be a member of the Wisconsin Grass-fed Beef Cooperative (WGBC). Improved distribution, strong sales and consistent profitability have allowed us to continue to pay a strong price premium to our producer members. Our gross pay price, including shipping credits averaged \$2.91 per lb hanging weight for finished animals in Q4 2014. Year to date, sales are up 58% vs 2013, and up 46% in the fourth quarter vs the same time last year. Our cattle position has strengthened, giving us confidence that we can supply new opportunities and continue strong growth into 2015.

Other highlights over the past few months include multiple product promotions and product sampling events at all three Metcalfes store locations. We also held multiple sampling events at all Outpost Foods stores in Milwaukee, where we were featured as a main product in their monthly flyer. Consumers want to know where their food comes from and our retail partners value our presence in their stores to tell the story behind our product. Sampling events are critical to maintain sales growth and increase awareness of our brand. If you are willing to consider supporting such an event, and helping your co-op grow, please call me and I will add you to the list of potential candidates.

The business outlook for 2015 is very positive. We plan to maintain a strong double digit growth rate of around 20+% while continuing to deliver a positive bottom line. We will again be featured in the Wisconsin National Restaurant Association Tradeshow, Mar 9-11th 2015 in Milwaukee.

Please plan to attend the annual meeting on Feb 28th 2015 so that we can hear what you have to say. At the annual meeting we will also be handing out our first ever dividend patronage checks so come and help us celebrate.

Thanks to all the producers who delivered finished cattle to the cooperative this year. Your dedication to your cooperative is what keeps us in business. I wish you a successful and productive 2015!!!!

Rod Ofte – General Manager, WGBC - 800-745-9093

**Wisconsin Grass-fed Beef Cooperative—Annual Business Meeting
Held at the Ag Research Station, Hancock, WI on Saturday, January 11, 2014**

Introduction – Greg Nowicki, President called the meeting to order at 10:15 AM.

President Nowicki asked for any agenda changes. None were voiced. Nowicki then introduced the members of the Board of Directors and key team members of the Co-op. There were 30 people in attendance. Attendees included Co-op members and spouses / family, and key team members. Members received a WGBC cap & a bottle of Mad Dog & Merrill seasoning.

Approve 2013 Annual Meeting minutes – Szomi read the minutes. Motion to approve the minutes as read was made by Bob Pesz, 2nd by Al Lang. **Motion passed.**

Treasurer's Report – Tracey Hennessey, the Co-op's accountant, was on hand to provide the report. 2013 sales continued to grow. The Accounts receivable has dropped to an average of 25.1 days from billing to payment, which has helped the payment go out to the producers sooner. The current A/R balance is \$62,381 & A/P is \$25,712.

Changes have been made to the check stubs as requested by members. It now shows the kill date, the hanging weights, what category the animal was (fat, cull, veal) and a tag number (if it had one). We hope this will help the producers track animals after they leave the farm.

Motion to accept the Treasurer's report as presented made by Moore, 2nd by Lang. **Motion passed.**

2013 Milestones & Sales Summary – Rod Ofte

Sales of approx. \$816,316; Membership is over 100, along with record high producer payments thanks to contracting; First live cattle shipment over state lines, organic beef sales and grass-fed lamb trials; TV appearance on "Mad Dog & Merrill" show.

Our customer profile is 56% retail, 8% wholesale, 28% service (restaurant) and 8% direct to customer; Our sales forecast for 2014 is for 15% growth. Challenges continue to be consistent supply of good cattle; higher than planned cost of goods sold (COGS); increasing competition.

2014 Business Approach - Stabilize & strengthen the Co-op's financial position & Solid double digit growth

Refinance debt burden – Forward Community Financial loan offer. This will allow Co-op to pay off member loans, refinance the delivery van and have a balance in the bank to increase producer pay time.

Request that upcoming demos/events be placed on the website so members can check their calendars to see their availability & then they can contact Rod to participate. Could also help consumers know when we'll be at their favorite store.

Cattle Procurement – Pete Prochnow

Pete reviewed 2013 in terms of cattle numbers to active members. 39 members (roughly 1/3) sold animals through the Co-op in 2013. The majority of these transactions were members selling 1-5 head of cattle, once or twice to the Co-op. If the Co-op wants to continue growing at a double digit pace – we either need more members producing 5+ head a year or our larger producers selling the Co-op even more.

Base price to producers was \$2.35/lb through 2013. COGS/cycle ranged from \$2.18-\$2.52/lb. The contracting incentive is on hold for now since we have a strong cattle supply. Cattle are accepted first come, first serve so plan ahead.

Current issues – the price of corn decreasing while the cost of forage is increasing – fall feeder/stocker prices on the rise – land prices/rent are out of reach for some producers.

Discussion on WGBC can only purchase what can be sold – no holding inventory. There are challenges such as logistics, seasonality of customer demand, quality/consistency of product. New developments include an organic beef and grassfed lamb trials, new WGBC customers/outlets, carcass quality & documentation.

Co-op protocol & documentation was discussed. Our protocol & compliance needs to uphold the new label declaration. That will be through communication, knowledge of the protocol and the responsibility of the producers to follow. The board is charged with making a determination on how and if worming fits into the protocol.

Board Member Nominations and Election Results – three seats, 3 year terms were open for election. Nominees were current board members Mel Abel, Russ Endres & Judy Lang. Nowicki called for nominations three times. A motion was made by Ofte to close the nominations, 2nd by Pesz. Motion made to cast a unanimous ballot for the three incumbents made by Ofte, 2nd by Lee. **Motion passed. Congratulations** to Mel, Russ & Judy.

Educational Session - Cecil Wright, with Organic Valley & Organic Maple Cooperatives facilitated a discussion on what being part of a cooperative means for the producers, but also the Cooperative itself. There was great conversation and a renewed sense of collaboration that will benefit the Co-op here on out.

Adjournment - Motion to adjourn was made by Lang and 2nd by Moore. **Motion passed.** Meeting adjourned at 1:30 PM.

Upcoming events/classes/conferences were mentioned.

SPECIAL ANNOUNCEMENT!!!

WGBC Board of Directors announces Patronage Dividend for 2014

The Wisconsin Grass-Fed Beef Cooperative is pleased to announce a Patronage Dividend for 2014. We will be distributing 10% of our net profit back to the membership based on dollar volumes supplied to the co-op during calendar year 2014. The remaining 90% will be retained as an operating reserve.

Although 2014 was a challenging year from a cost standpoint due to the record high cattle prices, we managed to stay ahead of the curve enough in the beginning of the year to remain in the black 11 of the 12 months. That being said, the goal of the co-op isn't to generate record profits. We are here to help you receive a premium price for your cattle.

We continue to pride ourselves on maintaining a very low overhead. Our operating costs are about 6% of sales, which is among the highest in efficiency when compared nationally with similar cooperatives.

Patronage Dividend checks will be distributed at the Annual Meeting on Feb 28, 2015. If you are not able to attend the Annual Meeting, you will receive your check shortly thereafter via US mail.



Need another reason to attend the WGBC Annual Meeting?

Be the first in your neighborhood to advertise your Co-op! Orders for the WGBC Farm Signs will be taken. Two styles to choose from!

Questions—contact Mandy McGee at (608)489-2162.

PLEASE RSVP FOR THE ANNUAL MEETING BY TUESDAY, FEBRUARY 17!!

Reserve your spot by contacting Lanice Szomi, Secretary at grazingrocks@gmail.com or call (715) 965-8324. You can also RSVP to info@wisconsingrassfed.coop.

WE LOOK FORWARD TO SEEING YOU ON 2/28/15!

The location of the 2015 Annual Meeting of the WI Grass-fed Beef Cooperative has changed. We will be at The Wintergreen Resort & Conference Center in WI Dells.

For a charming and affordable Wisconsin Dells destination visit Wintergreen Resort and Convention Center.

If you are looking for a refreshing, relaxing alternative to the often hectic pace of Wisconsin Dells, Wintergreen Resort and Convention Center is the perfect hotel for businesses or families. The resort takes great pride in maintaining immaculate surroundings and offering every visitor a friendly, comfortable stay.

Discover the warm inviting ambiance of Wintergreen Resort where the moment you enter, it is as if you stepped back into an era of Victorian charm and hospitality reminiscent of the past.



Wintergreen
Resort & Conference Center

1-800-648-4765

The Wintergreen Resort is located at 100 Gasser Road, WI Dells, WI.

Winter Jobs

-by Pete Prochnow, Production & Membership Coordinator

Desk work!! If you're like me, a few tasks from last year are stacked on my desk and – have become one of those “winter jobs”. Catch up or clean out – take your pick!

In past years the co-op implemented several member/producer incentives to encourage specific objectives. The business of marketing beef products profitably is not always neat and pretty. I felt perhaps now is a good time to review, refresh, catch up and clean out – around the details of cattle shipments and producer payments.

WHATS OUT IN 2015?

Carcass Weight Incentives: The idea was to reward consistency, yield and efficiency. We still have these challenges – but have worked hard with customers to explain and educate them why our primal cuts are not the same size. And, due to the issue of rewarding large vs. small frame cattle types along with additional administrative issues – led to the decision to discontinue the incentive.

Advanced Scheduling Incentives: Quite obviously, was to reward forward planning producers so we knew our approximate capacity of beef products available for sale. Imagine planning a trip and not knowing how much fuel is available for the car!! Challenging timelines to track and costly to administer led to discontinuing. The issues around planning ahead for marketing beef products - still persist.

WHAT'S IN?

Pricing Protocol: This remains the same since 2011. The WGBC board refers to a USDA average index reported price as a starting point – only. At each monthly WGBC board meeting the next month's pricing is determined. The price is then set – by your fellow member/producers – for the next month pricing. The goal is and remains to be 20 – 30% above conventional prices, as determined by the business of WGBC, marketing beef products to our customers.

Seasonal Bonus: In past years our supply of cattle has been challenged in late winter and early spring. This past summer WGBC committed to paying an additional \$0.10/lb. for cattle shipped in January through April. The supplies of yearling calves retained for grass based finishing are tight – the idea is another \$200 per animal might help member producers keep them around.

Transport Assistance: Members were often challenged to arrange reasonably priced hauling to processing the co-op utilizes. A simple assistance program based on mileage and paid on a per head basis has helped mitigate this financial challenge. It has worked well - along with members working together and combining cattle on trailer loads we have gained cost efficiency. The rates of assistance remain the same. When WGBC helps coordinate combined trailer loads – it is still the member's responsibility to reimburse the livestock hauler employed.

Weights/Payments: Animals shipped require identification and verification WGBC protocol was met, from the member shipping cattle. The WGBC Affidavit/Bill of Lading form is available for this purpose. This documentation assures the hanging weights/payments are assigned properly. The weight information is provided on payment invoices issued for your cattle. Do not call the processing plant. If you are anxious, call me, I will do my best to get the information to you. The weights are collected, verified on a spreadsheet, and sent to accounting. Payments are mailed as soon as possible.

QUALITY STANDARD – TIERED PRICING: Starting March 2015, the WGBC will offer two different base pay prices based on the degree of carcass finish. The carcasses will be graded by a trained, independent third party. If it is determined an animal meets our finish standard of mid select and higher it will receive a %20+ premium vs the USDA conventional base price. If the carcass grades low select or below and does not meet the standard of an adequately finished beef animal, the price premium paid by WGBC will be limited to a 10% premium. Most other meat and commodity programs have different payment levels based on degree quality. Our customers expect a certain standard of product and we must fulfill our promise to deliver that.

That's it! We really do try to keep it simple, enabling members to profitably raise high quality beef and market them with relative ease. Trust me the margin is thin. We hope your cattle are happy and fat!!

Please call with questions! Pete Prochnow 920-210-9177



**Wisconsin
Grass-Fed Beef Cooperative**

PO Box 945
Elkhorn, WI 53121

Return Service Requested

*Where the grass is greener
and the beef is leaner!*

General info: info@wisconsingrassfed.Co-op or

call **1-800-745-9093**

Member assistance:

production@wisconsingrassfed.Co-op

Wholesale sales: sales@wisconsingrassfed.Co-op



MANAGEMENT TEAM-

General Manager

Rod Ofte

E5702 Spring Coulee Rd

Coon Valley, WI 54623

sales@wisconsingrassfed.Co-op

608-451-2861 or **1-800-745-9093**

Production & Membership Coordinator

Pete Prochnow

W1691 Hilltop Lane

Ixonia, WI 53036

prochnow.pete@gmail.com

920-210-9177

Financial Manager

Tracey's Tax Service

Tracey A Hennessey, EA

15 S. Lincoln Street, Suite 3

Elkhorn, WI 53121

tracey@traceystaxservice.com

Office: 262-725-4354

Marketing and Website

Mandy McGee

S2093 Scratch Road

LaFarge, WI 54639

driftlessdells@aol.com

608-489-2162

WGBC Board of Directors & Staff

Board Members

President

Greg Nowicki

R5610 Cty Rd M

Athens, WI 54411

eatgrasfed@gmail.com

715-257-7146

Vice President

Russ Endres

6921 Cty Hwy K

Middleton, WI 53562

rendres@wimci.com

(608)258-2080

Secretary/Treasurer

Lanice Szomi

W5101 Correction Lane

Medford, WI 54451

lszomi@tds.net

715-748-2269

Judy Lang

N4669 CTH Q

Medford, WI 54451

judylang23@tds.net

715-748-3380

Kevin Moore

E4822 Dawn Road

Plain, WI 53577

Kevin@dawnrd.com

608-546-6035

Mel Abel

W4393 Maple Center Road

Greenwood, WI 54437

nlabel55@gmail.com

715-255-8750

Jon Lee

100 Church Street

Coon Valley, WI 54623

jonlee@mwt.net

608-452-3835

Co-op Number:

1-800-745-9093