

**ALBERTA BEEF PRODUCERS
MINUTES OF THE BOARD OF DIRECTORS MEETING
THURSDAY OCTOBER 15, 2009, 8:00 a.m.
AT THE ABP BOARD ROOM, CALGARY, ALBERTA**

Present: Rick Burton - *Chair*
Erik Butters - *Past Chair*
Kevin Boon - *Vice Chair*
Doug Sawyer - *Finance Chair*
Brent Carey - *Zone 2*
Brian Edge - *Zone 3*
Pat Rutledge - *Zone 4*
Rob Somerville - *Zone 5*
Greg Bowie - *Zone 6*
Roy Eckert - *Zone 6 (at large)*
Ben Schrader - *Zone 7*
Brian Chomlak - *Zone 8*
Janys Boyte - *Zone 9*
Stuart Thiessen - *CFC*
Dave Solverson - *CFC*
Chuck MacLean - *CFC*
Darryl Carlson - *CIC*
Larry Delver - *CIC*

Motion by Rutledge/Carey:

“That the Minutes of the September 17, 2009 Board of Directors meeting be approved with changes.”

Carried

3. Financial Statement

(a) Financial Statement ending September 30, 2009:

Sawyer presented the financial statements for the period ending September 30, 2009.

Motion by Carey/Edge:

“That the Financial Report be accepted as presented for information purposes.”

Carried

Staff: Rich Smith - *General Manager*
Laura Proconier - *Controller*
Reynold Bergen - *R&T Manager*
Barbara Sweetland - *Promotion Mgr*
Lori Creech - *Comm. Manager*
Fred Hays - *Policy Analyst*
Rosanne Allen - *Executive Assistant*

4. Decision Items

(a) BIA Meeting Invitation:

ABP had been invited to the inaugural meeting of the Beef Industry Alliance and the directors considered our response to this invitation. The BIA has presented their plan to the ABP Board and the directors do not believe that we could meet the BIA requirements for a commitment to their strategic priority. ABP will be reviewing our own priorities with producers at the upcoming fall meetings.

Motion by Sawyer/Carey:

“That ABP send a letter to the BIA declining their invitation to their inaugural meeting but expressing an interest in working together in the future on projects of mutual interest and overall benefit to the cattle industry.”

Carried with Carlson and Delver opposed

Guests: Harry Hagman - *Zone 7*
Larry Sears - *AGLA*
Matt Taylor - *CCA (by phone)*
Keith Campbell - *CFIA (by phone)*

Absent: Gerald Maser - *Zone 1*
Darcy Eddleston - *Zone 8 (at large)*

The Chairman called the meeting to order at 8:05 a.m.

1. Adoption of Agenda

(a) Approval of Agenda:

Additions 6(i) Marketing Organizations;

6(j) Parliament Hill Barbecue;

Changes 6(i) Committee Reports to 6(k)

Motion by Chomlak/MacLean:

“That the Agenda be approved with the changes discussed.”

Carried

2. Approval of Minutes

(a) Minutes of the September 17, 2009 Meeting:

(b) Drought Response and CCC Resolutions:

Schrader gave the Board a brief background on current drought issues. Federal Agriculture Minister Ritz met with producers in Mayerthorpe recently. Schrader and Hagman were among the producers and spoke to Ritz about the concerns of producers regarding the drought that has affected many parts of Alberta. Ritz expressed a positive stance when approached about AgriRecovery.

Cow/Calf Committee had a conference call with Sheila Mowat, GM of Manitoba Cattle Producers Association, and spoke to her about the difficulties MCPA faced when they asked the provincial government to initiate AgriRecovery in 2008 due to flooding in some areas and drought conditions in others. Harvey Hagman joined the

meeting to discuss the problems that are facing producers due to drought and the problems with the current programs designed to help producers.

Motion by Schrader/Carey:

“That ABP approach the provincial government to initiate AgriRecovery for the 2009 drought year.”

Carried

Sawyer told the Board that ABP needed to get a letter off to Minister Groeneveld immediately to begin the process of getting AgriRecovery started. We also need to gather the information needed to show the government the damage that has been done to producers because of the drought. He recommended that the Board have the Cow/Calf Committee continue to do this as they were already in the process of gathering the information.

It is not just the damage that the drought has done this year but the damage that will continue into next year. Pastures have been used up and some will need to rest for at least a year before they can be used again.

Motion by Schrader/Chomlak:

“That ABP work with the Canadian Cattlemen’s Association to approach the appropriate federal Ministry to have the Herd Reduction Deferral extended from 1 year to 3 years.”

Carried

Thiessen believes that CCA is already doing this. Sawyer suggested that we make sure that a part of the ‘ask’ is that producers can stagger their buy back over the three years.

Motion by Schrader/Bowie:

“That ABP work with the Canadian Cattlemen’s Association to approach the federal government to change the tax deferral on breeding cattle to cover 15% to 100% herd reduction at the 90% level.”

Carried

CCC is going to proceed with the drought and forage issues directly with AFSC in an attempt to make the insurance and safety net programs more flexible and accessible to producers. What about producers who have to sell calves in the fall instead of backgrounding over the winter? Burton reminded the directors of a motion that was passed at the last meeting requesting ABP approach the government to expand the tax deferral to include any class of cattle. Thiessen and MacLean told the directors that expanding the tax deferral program to cover all class of cattle could mean that some feedlots would be under less pressure to purchase calves or feeder cattle.

Motion by Schrader/Carey:

“That ABP rescind the September 17, 2009 motion on approaching the government to

expand the Tax Deferral to include any class of cattle.”

Carried

Motion by Bowie/Delver:

“That ABP look into the possibility of including more than breeding stock displaced because of the drought in the Tax Deferral Program.”

Carried

(c) Guiding Principles for Beef Cattle Traceability:

Brad Wildeman, Dennis Laycraft and Travis Toews of CCA met with the ALMA Board and John Knapp. During the discussion they dealt with two key issues: Agricultural Market Access Secretariat and traceability. Knapp convened a meeting of ARD, ALMA, CCA, and Russ Pickett from BIA. The purpose of the meeting was to seek agreement on a set of traceability principles that could become an industry and Alberta government position. The focus of the discussion was the CCA position paper on traceability on which ABP and CFC had provided input. A working group – Rich Smith, Rob McNabb, Jason Krips, and Sean Royer – was asked to work on revisions to the document and the result of that is now in the package for the Boards information. There is a conference call next Monday to approve the principles.

The directors discussed the principles of traceability and our position with respect to animal identification, premise identification and animal movement tracking. The reasons for traceability were examined. The directors recognized the need for traceability to have real benefits and not have negative impacts on commerce and competitiveness. With respect to animal health, the directors noted the need for actions outside of traceability, such as locking down animal movement, to deal with outbreaks of infectious diseases.

Motion by Carey/Sawyer:

“That ABP Board of Directors supports the Guiding Principles for Beef Cattle Traceability.”

Carried

(d) ABIC Board meeting and sponsorship:

Traditionally ABP has sponsored the Alberta Beef Industry Conference (ABIC) and has had the Board meeting in Red Deer the day before the conference started. Last year CFC sponsored a speaker, Michael Levy, in the amount of \$5000 and paid for the executive to attend the conference.

Sawyer recommended that we have the Board meeting here in Calgary and the Board agreed to hold the meeting on the Wednesday before the conference.

Motion by Sawyer/Chomlak:

“That in light of our current economic status that ABP not provide sponsorship of the Alberta Beef Industry Conference.”

Carried

(e) Zone 1 Delegate Appointments:

Motion by MacLean/Edge:

“That the ABP Board of Directors ratify all appointees sanctioned by the zones for a two year term effective November 16, 2009.”

Carried

Zone	Name	Length
1	James Hargreaves Lance Cavan	2 years

(f) Tiffin Conference Sponsorship:

ABP has traditionally sponsored this conference and money has been allocated for this sponsorship in the budget. The Executive is looking for ratification of the decision regarding the Tiffin sponsorship. Some members were concerned about sponsoring Tiffin after they had declined ABIC sponsorship. Since the conference takes place in Lethbridge, it possibly should become a zone initiative. In the future, it may be an alternative for zones 1, 2 and 3 to share the sponsorship, amount but for this year it would be appropriate to keep it as a Board line item.

Motion by Bowie/Carey:

“That ABP continue to sponsor the Tiffin Conference in the amount of \$5000 for January 2010 conference.”

Carried

(g) Delegate and Directors Terms of Office:

At the last Board meeting Burton asked the directors to give some consideration to increasing the number of consecutive terms a delegate could serve before being wiped out. There is concern that the current term limit (three terms or six years) arbitrarily precludes some very competent directors from remaining on the Board and Executive. This year and next year will see a large turnover for the Board of Directors which will result in a Board of relatively inexperienced directors.

Waller has been in communication with the Marketing Council and there is already a precedent for having 10 years (five terms) as a limit for delegates. We may need to keep the director terms at six years in our Plan Regulation, but we could increase the delegate term limit in our bylaws. The Board agreed to have Waller do some more work on this issue and come up with a recommendation for the November meeting that will be taken to the AGM.

(h) Traceability Field Representatives (CCIA, ARD, LIS) at Fall Meetings:

LIS approached ABP about having representatives at fall meetings. Jake Kotowich from ARD has since approached ABP expressing an interest in having ARD staff attend the producer meetings. We already have CCIA field staff attending the meetings. The intention is that the CCIA, ARD, and LIS representatives would not take a significant role in the meetings, but would be set up at a table to answer questions and help producers with age verification or LICA requirements.

Boyte said that ARD has set up a number of meetings in zone 9 already.

The Board agreed that there would be benefits to have them at the meetings and the representatives could be introduced to the producers in attendance.

5. In Camera

6. Discussion Items

(a) Refundable Check-off Consultation:

The second revised consultation paper was sent to producers with the Annual Report. Procnier has been speaking with remitters to see how this will work and it will be discussed at the Fall Meetings and the AGM.

(b) Plan Regulation and ABP By-Laws:

We approved the Marketing Regulation at the last meeting and it has been sent to Marketing Council. The process of developing the plan regulation and by-laws is moving along well.

(c) 4-H Ads:

Jim Fisher needs to book air time for his 4-H ads for 2010 and has sent a request to Creech asking if ABP will be funding for the same amount again next year. ABP supported 4-H in the amount of \$16,500 for 2009. Generally this is money that we are giving back to young producers who have to pay check-off. Jim Fisher needs to know as soon as possible whether we will be doing this again next year. This money would come out of the 2010/2011 budget and some money has been set aside for this sponsorship.

Directors discussed the merits of continuing to sponsor 4-H at its current level. The money is used to fund scholarships and advertising.

Motion by Edge/Eckert:

“That ABP continue to sponsor 4-H in the amount of \$10,000 and support 4-H advertising in the amount of \$8,000.”

Motion by Somerville/Sawyer:

“That we amend the motion to read ‘advertising in the amount of \$16,500.’”

Defeated

“That ABP continue to sponsor 4-H in the amount of \$10,000 and support 4-H advertising in the amount of \$8,000.”

Carried

Delver suggested that we make the point clear that we are doing this because of the economic uncertainty rising from a refundable check-off.

(d) CCA Bio-security initiative:

CCA is involved in a bio-security initiative and has engaged Matt Taylor as a consultant through the Animal Health Coalition. The impetus for this comes from the CFIA who are interested in developing national standards for bio-security on farms. The Alberta government also has expressed an interest in identifying appropriate bio-security practices on farms for application of the Animal Health Act. Keith Campbell from CFIA also spoke on the issue.

As a starting point for developing a standard, there is a desire to do a survey of current practices on farms. Taylor is developing a questionnaire and the intention would be to survey 285 farms across Canada, including 122 cow/calf and feedlot operations in Alberta. These are the numbers required for statistical soundness. The survey would take about two hours to complete and they would like to begin interviewing producers in January, 2010. They would like to have a list of 300 randomly chosen producers they could contact regarding the survey and are asking for ABP to help with the development of this list.

The directors were very concerned about giving the names of producers to people outside the organization. They also had concerns about the implications of setting bio-security standards and the impact on our competitive position when other countries do not follow the same requirements. The Board agreed that ABP was not the organization to provide a list of names. The only way to do this acceptably would be to contact the producers ourselves to ask if they would be willing to complete the survey. The Board thought it might be more productive to have Bergen work with a few key producers to identify appropriate bio-security measures.

(e) Grazing Lease Fee structure:

Larry Sears, Chairman of the Grazing Leaseholders Association, spoke to the Board regarding the proposed changes to the way the grazing lease fees are assessed. The work on this issue has been going on for some time and the Board wrote a letter to SRD supporting the proposed changes.

In 2007, a group comprising representatives of ABP, WSGA, AGLA, and SRD began working on changes to the grazing lease fee structure. The intention was to develop a robust system that would provide a greater level of fairness and consistency to producers across the province, while reducing the potential for grazing lease fees to be identified as a subsidy in countervail and anti-

dumping actions. There are currently three zones in the province, each with different lease fees and transfer costs.

In 2005, a survey of the direct and indirect costs associated with using a grazing lease was conducted. As a result of much work, the working group developed a proposal for implementing a royalty based grazing lease fee structure similar to the charges on other resources in Alberta. There would be a minimum fee when net earnings on cattle are low, but the fees would rise as cattle prices increased. SRD would now charge a standard fee on transfers of allocations rather than the current process of charging differing transfer fees based on the number of AUMs and the area of the province.

Over the long term, the proposed changes to the grazing lease fee structure will not change the total revenue from these fees, but the system will be more consistent and should greatly reduce the trade risks associated with grazing lease fees. The proposal was presented to the ABP Board earlier in 2009 and approved at that time.

Motion by Carey/Rutledge:

“That ABP write a letter to Minister Morton in support of the proposed royalty based grazing lease fee structure.”

Motion by MacLean/Edge:

“That the motion be tabled until the end of the day.”

Carried

The directors had concerns about the immediate impact of the change to the fee structure on producers in some parts of the province. Smith was able to speak with Keith Lyseng of SRD to address these points. All grazing lease holders in the province will see reduced fees in 2010, although some will see greater reductions than others as the fees become consistent across the province. The new fee structure will provide reduced revenue to SRD in the next year, but is planned to be revenue neutral over a 10 year period. The new standard transfer fee will be less than most producers are currently paying.

Motion by Solverson/Sawyer:

“That we lift the motion from the table.”

Carried

“That ABP write a letter to Minister Morton in support of the proposed royalty based grazing lease fee structure.”

Carried

Janys Boyte, Greg Bowie and Ben Schrader abstained.

(f) CVC Recommendations:

Somerville pointed the directors towards the resolutions that came out of the last CVC meeting asking them to look them over and if there were any they would like to discuss he would answer questions. Most of recommendations

made by the committee were already being acted on by ABP.

Boyte questioned the motion regarding the legality of the mandatory collection of proprietary information and distribution of this information. The board decided to defer the question until Waller can answer the question. This information has value and while the directors understand the need for some mandatory information collection to address animal health and food safety issues, there is concern about the use of this mandatory information for marketing purposes. We are already working with Lamb and Pork on the Red Meat Reception and wouldn't it be beneficial for us to work with them in other areas if the opportunity arises.

The whole topic of membership services is something we should consider as we go forward.

Getting youth involved in the industry is something we should seriously consider. CCA would like to send a couple of Alberta youths to the ILC in Denver in January. Solverson suggested ABP sponsor one of the participants at ILC. Agriculture students can apply to ILC for student funding but there are young producers who are not students who would benefit from the conference. Smith will do some background work on this issue.

(g) Fall Meeting Information Package:

Directors viewed the Fall Meeting DVD and reviewed the financial information package during a dinner meeting the previous night at the Port O' Call. There is a variety of information in the package in which producers should see some value. We will be talking about the AFRP program and ABP's response to the drought at the producer meetings. We will be able to talk about the things that ABP has accomplished over the past year. Bergen has prepared fact sheets on ABP research and winter feed information resources for distribution at the fall meetings. We need to be prepared for challenges on cattle prices and packer concentration. Delegates also may be facing questions on BSE testing. Directors and delegates will receive more information on ABP actions and strategies, as well as responses to the most likely questions, at the beginning of next week.

(h) AGM Agenda:

Smith asked the directors to provide him with any ideas they had for topics or speakers for the AGM. Two possible topics are the Land Use Framework and an ALMA update.

Just before lunch on Monday morning of the AGM, zones will be electing their zone director and CCC delegate. On Monday evening, CFC, CCC, and likely CIC will need to meet to select a director for the ABP Board. The Board meets briefly on Tuesday afternoon to elect the Executive.

(i) Marketing Organization Merger:

There seems to be progress on the merger of the two national marketing organizations. Kevin Boon participated in a conference call with Brad Wildeman, Travis Toews and Gord Hardy on how to get the new organization up and running. Both CBEF and the packers have now accepted the concept of merging the marketing organizations. There is hope that a framework for the merged organization can be in place by the end of the year.

(j) Parliament Hill Barbecue:

CCA Ottawa staff organized a barbecue lunch with MP's on the Hill. Attendance was down because of rain, but there was a pretty good turnout of MP's and producers from across the country. Somerville and Solverson attended on behalf of ABP. John Masswohl gave the provincial representatives talking points as well as setting up private chats with some MP's. Toews spoke briefly at the barbecue and Minister Ritz responded.

(k) Semi-AGM Resolutions:

Thiessen raised the issue of the resolutions from the Semi-AGM dealing with conflicts of interest for ALMA Board members and a FOIP request for the payments that all applicants received under AFRP and AFRP II. After discussion, the directors agreed that ABP should proceed with the direction from the September Board meeting to pursue these information requests.

(l) Committee Reports:

(i) Promotion Committee:

Groeneveld will place a Raised Right sign at the Calgary Stockyards site near Strathmore. We have had a request from Ron Johnson in Red Deer to place a sign on his land. Bus ads are up and running again. Sweetland has a proposal into ALMA for some funds. A new coordinator, Karen Spelay, has been hired for CAP and her biggest job will be to find more funding.

(ii) Cow/Calf Committee:

The Cow/Calf Committee has been very active in its work on the drought and the results of this work were addressed in an earlier section of the meeting. The committee was contacted by Janine Olson from Red Deer. Her operation has been charged under the Stray Animal Act for an incident when an oil lease worker drove into cattle being moved down a road under close supervision. This charge could have significant implications for cattle producers and ABP must support producers in this situation.

The committee also dealt with the Land Use Framework. There are seven regions in Alberta that will each have a Regional Advisory Council (RAC) to make recommendations to the provincial cabinet on regional plans. Hugh Lynch-Staunton sits on the South Saskatchewan RAC, while Clarence Makowecki sits on the Lower Athabasca RAC. They

would appreciate any assistance and policy direction that ABP can provide.

Motion by Schrader/Boyte:

“That the Cow/Calf Committee suggest to the ABP Board of Directors that they set up an interim committee for the purpose of developing our land use framework policy.”

Motion by Thiessen/MacLean:

“That the motion be amended to read ‘for the purpose of following the development of the Land Use Framework, actively reviewing the proposed polices and reporting to the ABP Board allowing the Board to take an active and effective role’ instead of ‘for the purpose of developing our land use framework policy’.”

Carried

“That the Board of Directors set up an interim committee for the purpose of following the development of the Land Use Framework, actively reviewing the proposed polices and reporting to the ABP Board allowing the Board to take an active and effective role.”

Carried

Smith and the ESA judging committee met with Clarence Makowecki during the judging tour this past summer to discuss agricultural issues related to the LUF. He has been told that he is not on the RAC to represent agriculture and there is concern that our industry will not be represented well in the development of this regional plan. One problem with the process is that we do not have a clear indication about the content of the regional plans. Smith suggests that a good use of Fred Hays’ time would be to have him keep on top of the different regional advisory councils and address the issues as they come forward. Sawyer’s concern is the way these plans will work if they use the framework of the northeast and apply it to all of Alberta. The feeling of the cow/calf committee is that they don’t want to fall behind on the issue.

Sawyer asked the Board if they could invite Morris Seiferling to speak about the issue. Smith suggested that he be invited to speak the delegates at the AGM.

Schrader informed the Board that the Cow/Calf Council intends to keep working on the wildlife issues and they can look forward to seeing some positive results. He will be approaching the Executive to set up a meeting between the Wildlife Sub-Committee and Ted Morton.

(iii) Cattle Feeder Council:

Nothing to report at this time

(iv) Cattle Industry Council:

CIC has some requests coming in to do some work on regulatory burden. Carlson will be looking at some in house staff to do some work to keep costs down. They would like to do more research on the issue. Another thing is some members of industry council are looking for a third party to collect and refund the check-off.

Carlson is concerned about the lack of participation of the current Cattle Industry Council. He is concerned that it will not represent the people that it is supposed to and is looking for some input on how to increase the participation of industry council.

For the beef industry to get itself organized and survive there needs to be more coordination within the industry. Industry Council needs to be able to have better discussion with other areas of the industry. This was done during the transportation issue with very good results.

(v) Communications Committee:

The auction mart monitors are up and working in Ponoka, but they are having difficulty getting the monitors set up at the Perlich mart. We have received ALMA funding to set up the monitors in more markets. Waller is looking at the contracts and we expect to have these arrangement completed soon.

(vi) Research Committee:

There was a conference call on October 6th to discuss the parameters for next year’s research projects. The committee is looking at reducing feed costs and increasing beef value. They will be distributing the results of one of the projects at the Fall Meetings. The refundable check-off could create a problem with ABP leveraging the money they set aside for research projects.

(vii) Environment Committee:

Because there have been so many changes within the committee a number of speakers came in to speak to the Committee.

(viii) Animal Health and Welfare Working Group:

Bergen developed a list of contact numbers for producers to phone for help with feed testing, AFAC, stray animals, and other issues. In the Lloydminster area there was an oil spill in a field of grazing cattle.

TB and Brucellosis infected buffalo are moving out of Wood Buffalo Park and posing an increasing risk to cattle producers in the vicinity. Chomlak is suggesting we create a ten mile buffer zone south and west of the park to contain the buffalo. The

committee is trying to set up a meeting with John Knapp to discuss the issue.

(ix) Competitiveness/Value Creation WG:

Somerville suggested that the directors read the CVC report in the Annual Report as it could answer questions the producers may have.

7. Reading Material

- (a) Beef Supply at a Glance
- (b) Auction Mart Monitors Program

8. Next Meeting and Upcoming Events

- (a) Resolution Committee meeting – November 18, 2009, ABP Board Room, Calgary, AB
- (b) Board Meeting – November 19, 2009, ABP Board Room, Calgary, AB
- (c) New Delegate Orientation – November 25, 2009, ABP Board Room, Calgary, AB
- (d) Annual General Meeting – December 7 – 9, 2009, Sheraton Cavalier, Calgary, AB
- (e) BOD Orientation – January 20, 2010, ABP Board Room, Calgary, AB
- (f) Board Meeting – January 21, 2010, ABP Board Room, Calgary, AB
- (g) Board Meeting – February 17, 2010, ABP Board Room, Calgary, AB
- (h) Board Meeting – March 18, 2009, ABP Board Room, Calgary, AB
- (i) Red Meat Reception – April/May, Edmonton, AB TBD
- (j) Board Meeting – April/May, Calgary, AB TBD
- (k) Board Meeting – June, TBD

9. Adjournment

The meeting was adjourned on a motion by Carey at 6:10 p.m.

Chairman

General Manager