

**ALBERTA BEEF PRODUCERS
MINUTES FOR THE BOARD OF DIRECTORS MEETING
SEPTEMBER 15, 2016, 8:30 a.m.
AT THE ABP BOARD ROOM, CALGARY, AB**

Present: Bob Lowe - *Chair*
Roland Cailliau - *Vice-Chair*
Howard Bekkering - *Zone 1*
Cecilie Fleming - *Zone 2*
Chris Israelson - *Zone 3*
Tim Smith - *Zone 4*
Kelly Fraser - *Zone 5*
Tim Sekura - *Zone 6*
Colin Campbell - *Zone 7*
Lyndon Mansell - *Zone 8*
Norm Hennigar - *Zone 9*
John Buckley - *Director at Large*
Rick Friesen - *Director at Large*
Melanie Wowk - *CCC Chair*
Greg Bowie - *Past Chair*

Staff: Rich Smith - *Executive Director*
Fred Hays - *Policy Analyst*
Rosanne Allen - *Executive Assistant*
Katelyn Laverdure - *Communications*
Laura Procnier - *Controller*
Karin Schmid - *Beef Production*

Absent: Bryan Thiessen - *CFC Chair*
Charlie Christie - *Finance Chair*

The Chair called the meeting to order at 8:35 a.m.

1. Adoption of Agenda

(a) Adoption of Agenda:

Additions: 8(i) Harmony Beef Tour; 8(j) AFAC report;

Motion by Mansell/Israelson:

“That the agenda be approved with changes.”

Carried

2. Minutes of the Previous Meetings

(a) Minutes of the July 21, 2016 meeting:

Motion by Sekura/T. Smith:

**“That the minutes from the July 21, 2016
Board of Directors meeting be approved with
changes.”**

Carried

(b) Minutes of the July 29, 2016 conference call:

Motion by Fleming/Fraser:

**“That the minutes from the July 29, 2016
Board of Directors conference call be
approved.”**

Carried

3. Financial Report

(a) Financial Statements ending July 31, 2016 and August 31, 2016:

The directors reviewed the financial statements for the two periods ending July 31, 2016 and August 31, 2016. Marketings are down from the previous year, but there were no unusual items in the financial statements and the expenses are aligned with the budget for the year.

Motion by Bekkering/Buckley:

**“That the financial statement be accepted for
information purposes only.”**

Carried

(b) Service charge refund report:

The directors heard a report from the January-June, 2016 refund period. For this period, \$1.1 million in refunds were issued, representing 40% of the service charge revenue that had been collected. Refunds were only \$19,000 higher than the same period in 2015, but the percentage increased more due to reduced marketings. The June refund period generally has a higher percentage than the December period because there are far greater numbers of cattle marketed in the fall. The distribution of refunds followed ongoing trends with the ten largest refunds representing over 40% of the total refunds and cattle feeders taking 86% of the refunds. After refunds, the retained funds available for the next fiscal year are \$1.8 million.

4. Policy and Governance Review

(a) Policy and Governance Issues:

Buckley has read through both the governance and policy manuals. The two documents do work together but there are a few areas that need to be clarified. Buckley suggests that over the next few meetings we work to make these areas clearer. The policy manual lays out how ABP works and the principals on how the Board and committees will function finishing off with a Code of Conduct. We do have some incomplete policies: GP5 board travel and expenses; GP8 board committee expenses; GP9 and GP10 code of conduct and conflict of interest. This area may be redundant unless the Board wants to be more specific for

Board conduct. Currently the Code of Conduct has been signed only by directors to cover provisions in the Bylaws. Directors have always been held to a higher standard, but do we need to filter this down to the delegates and committee members as well? The Board agreed to refer the issue to the Governance Committee for clarification.

Going forward, we should have a discussion about this at the beginning of every meeting and directors need to come back with one or two questions. We should have a schedule to look at different areas every meeting to make sure they are still relevant, clear enough, and up to date.

5. Council and Committee Reports

(a) Research Committee:

The committee has not met since the last Board meeting. The proposals are still out for peer review. There have been some funding discussions with Alberta Agriculture and Forestry (AF) and they have been reasonably positive. The delivery model for research funding will change, but we have been told that AF will try to maintain current levels of research funding if possible. There will be different processes in place to apply for funding that have not yet been finalized. About 10 or 11 people from ALMA have been hired by AF.

(b) Wildlife Committee:

Campbell gave the board a presentation and is looking for a decision from the board about the committee going forward with the project.

ABP has spend years trying to offset the costs of wildlife for producers through options from trying for better compensation for cattle predation to receiving some of the money that is generated for hunting. Revised views of agriculture and wildlife interactions are required. The retail sector, recreational vehicle sector, hospitality sector, public sector with taxes and fees, conservation groups and the general public all benefit from wildlife. Landowners and agriculture groups pay for the costs of wildlife and producers need to have wildlife provide value to offset these costs.

Campbell is proposing that a production insurance program be delivered through AFSC. Producers will pay premiums and are certified by a vet. Enrollment in VBP+ is required and all animals dead or lost are covered.

This idea has been discussed with government in the past and they have no interest in production insurance that covers all death. How do we differentiate between the loss of cattle from wildlife and from natural causes?

This concept requires further examination and there needs to be collaboration between the Wildlife Committee and the Cow Calf Council.

(c) Cattle Feeder Council:

Nothing to report at this time.

(d) Cow Calf Council:

Nothing to report at this time.

(e) Environment Committee:

The judging committee has concluded its judging tour and selected a winner for the ESA. The ESA will be celebrating its 25th anniversary this year and the committee would like to do a celebratory video of it. There is a lot of footage of the winners from past years and the directors felt that what would be valuable would be to have a roundtable with some of the past winners or even the next generation to talk about what they have done since they have won.

6. Decision Items

(a) Current market conditions:

The directors held a long discussion about the current market conditions. There have been sharp declines in prices from the 2015 peaks and analysts are expecting that the declining price trend could continue for the next year or two. The 2014-2015 price rally was partially driven by a unique shortage of all proteins in North America that resulted in a larger than expected upswing. Now, increased protein supplies are putting significant downward pressure on prices. The directors were provided with a very good analysis of the prices cycle and evolving cycle drivers from Canfax Research Services. This document will be made available to producers at the fall meetings.

(b) Governance Excellence Model (GEM) Coaching Proposal - Bob Lowe:

The Governance Excellence Model (GEM) coaching proposal was in the meeting package for the directors. ABP has been working with STRIVE! and Jim Brown for the last couple of years and has found the association beneficial for the Executive Director, the directors and the organization. The proposal would continue coaching calls with the Executive Director and add coaching calls with the Executive and coaching for the Board. The proposal was quite expensive and it was important for the Board to assess the potential value of this large investment.

Lowe led a Dynamic Duo exercise for the directors to identify three benefits ABP has received from the work with STRIVE! and Jim Brown over the past two years. Lowe and R. Smith believe that a Dynamic Duo exercise could be a good tool for the zones to use at their fall meetings to engage the producers.

A common theme of the responses to the Dynamic Duo exercise was that the work with STRIVE! has helped the Board to focus more on strategic direction and leadership for the organization, rather than operations, and enhanced Board governance. The work has helped the Board both with outside issues and internal examination. The

coaching has clarified the relationship between the Board and the Executive Director and staff members. There has been beneficial personal development for the Executive Director and the directors.

After identifying the benefits of the ABP association with STRIVE!, the directors still needed to decide whether to make a large investment in the GEM coaching proposal. The directors recognized that all good organizations invest in professional development for the Board, Executive Director, and staff members. There was consideration that professional development perhaps should be a specific item in the ABP budget. However, the Board also felt a responsibility to explore other alternatives before making a commitment to this proposal. The directors recognize the value that ABP has received from STRIVE!, but wondered if coaching could be provided by a local company at a lower cost.

DIRECTION: for R. Smith look at alternatives for a coaching program in Alberta.

(c) Fall Meeting Plans:

The schedule for the fall meetings was in the Board package and R. Smith thanked the directors for getting the information in so promptly. It was proposed that the format for the meetings be changed to encourage more producer participation. R. Smith suggested that the directors open the meetings with something like the Dynamic Duo exercise. This would provide a positive exercise start for the meetings and demonstrate a commitment to really hearing from producers.

R. Smith has not received any response from the Minister of Agriculture and Forestry on the letter that was sent with ABPs suggestions on returning to a non-refundable Service Charge so there does not need to be in-depth discussions with producers on their approval for a non-refundable service charge. We will inform producers that we have taken the direction from the 2015 fall meetings and the 2015 AGM and are pursuing a non-refundable service charge. Some directors asked about getting speakers for the meetings and the Executive left it to their judgment, but there were no specific topics to be discussed. It was suggested that the zones wait until just before the first coffee break to play the annual video rather than beginning with it. The goal is to get the video down to 15 minutes.

Lowe asked R. Smith to compose a letter on the benefits of a non-refundable Service Charge that could be sent out to all of the MLAs. Campbell suggested putting a letter out on Grass Routes that producers can print out and send off to their MLA.

R. Smith will prepare a review of highlights and activities of the past year for the fall meetings.

(d) Computer vision grading data management project:

Schmid presented the proposal that Mark Klassen had submitted to ALMA for funding. Klassen asked if ABP

would have any potential funds to commit to the project. A number of proposals that are coming into ALMA are just being sent to Agriculture and Forestry.

Computer vision systems (CVS) are presently installed in Alberta beef processing plants that undertake more than 95% of the provincial cattle slaughter. However, official use of the CVS camera for grading still uses a Canadian Beef Grading Agency (CBGA) grader who is present while a plant employee evaluates carcasses using the camera. The proposed project would develop procedures for plan grading using a web-based Carcass Information System (CIS) for storage of carcass images and measurements that could then be verified by the CBGA remotely. This would result in cost savings for processors and producers who share the cost of grading services, while maintaining an independent verification component. In addition, the CIS would be developed to provide analytical reporting using CVS data for Alberta feedlots and processors to enhance cattle and beef production management, as well as sales and procurement decision making.

Schmid provided an assessment of the challenges and benefits. This project might help to get upgraded cameras into the plants faster. Klassen is asking for \$24,400 in a one-time amount. He has letters of support from JBS, Cargill and a number of feedlots.

Motion by Bekkering/Mansell:

“That ABP support Enhancing the Efficiency of Computer Vision Grading Data Capture and Reporting for Alberta Packing Plants and Feedlots in the amount of \$24,000 from the Operating Reserve Budget.”

Carried

(e) Municipal taxation position:

R. Smith updated the directors on what steps have been taken to address the taxation issue in Lethbridge County. The Alberta Cattle Feeders’ Association (ACFA) had a meeting with the Minister of Municipal Affairs to lay the ground work for a provincial solution and invited R. Smith and Bowie to participate. Rather than a direct head tax, a more equitable way to tax confined feeding operations (CFOs) would be to use the same process of assessment that is used to tax farm land. This process is based on the productive capacity of the land and could be applied to the productive capacity of the livestock operations. This way, the assessments could be used as the basis for both annual municipal taxes and infrastructure levies. Under the current taxation system, CFOs have become an easy target for local political decisions. There seems to be support for this proposal among a number of cattle feeders.

Motion by Buckley/Fleming:

“That ABP support the position of Rich Smith on the taxation proposal for Confined Feeding Operations.”

Carried

“That ABP nominate Greg Bowie to sit on the council of the Canadian Roundtable for Sustainable Beef.”

Carried

(f) CIP Working Group Representative:

There is a large working group dealing with the Cattle Implementation Plan (CIP), the cattle industry road map for traceability. We are getting to the point where the federal government will be introducing traceability regulations and it is important that the industry holds the government to the provisions of the CIP and our Guiding Principles for Beef Cattle Traceability. Lowe has spoken with Brent Carey who has expressed an interest in helping ABP and the industry on this important issue.

Motion by Campbell/Bekkering:

“That ABP recommends that Brent Carey become a member of the Canadian Implementation Plan Working Group.”

Carried

(g) Harvest Gala Sponsorship:

The Harvest Gala will be presented for the fifth year by Ag for Life on October 21, 2016 in Calgary. In the past, ABP has purchased a table of tickets for \$1800 and sent four couples from the Executive. R. Smith attends the Gala as an Ag for Life Board member. This year, Harvest Gala will be featuring food stations and offered ABP the opportunity to sponsor the Alberta Beef food station for \$5,000. This would include with tickets to the Gala.

Motion by Friesen/Buckley:

“That ABP sponsor the Albert Beef food station at Harvest Gala for \$5,000.”

Carried

(h) CRSB Council Nomination/GRSB Meeting:

The Global Roundtable for Sustainable Beef (GRSB) is holding its bi-annual conference at the Banff Springs Hotel from October 4th to 6th and the Canadian Roundtable for Sustainable Beef (CRSB) AGM is on October 7th. Dennis Laycraft has been representing CCA on the CRSB council, but he is Chair of the GRSB and will be leaving the CRSB council. Cherie Copithorne-Barnes is the Chair of the CRSB, but there is a shortage of producer representation on the council, even though there are three seats for producer organizations. Bryan Walton holds one of these seats and there will be an election to fill the other two positions. Bob Lowe will be running for a council position as a CCA representative and Greg Bowie would be interested in running for a council position if ABP nominates him.

Lowe believes it is very important for Fleming to be at the GRSB/CRSB meetings because she is the chair of VBP+.

Motion by Fleming/Campbell:

Motion by Friesen/Smith:

“That ABP send Cecilie Fleming, Rich Smith and Greg Bowie to the Global Roundtable for Sustainable Beef and Canadian Roundtable for Sustainable Beef conference in Banff in October.”

Carried

(i) Traceability Symposium:

CCIA is hosting a traceability symposium and our two members should attend. Bekkering will be there for CCIA and Brent Carey has been approached about representing ABP on the CIP Working Group. VBP+ has been asked to sponsor a booth there so Fleming may be there and Tim Smith has agreed to attend as well.

7. In Camera

8. Discussion Items

(a) Delegate election update:

There will be an election in Zone 3 and in the other zones the delegates were all acclaimed. Delegate vacancies cannot be filled until after the November 9th election results; directors can bring forward names to fill vacant delegate positions in their zones at the November Board meeting.

(b) Research and development investment workshop:

Lowe and R. Smith attended a workshop to look at strengthening investment in research and development after the dissolution of ALMA. All of the livestock and poultry groups in Alberta attended the workshop. Their concern was that with ALMA funds going back to Alberta Agriculture and Forestry, the research and development funding will become scattered and ineffective. The organizations are coming together to establish an industry group that would have influence over government investments in R&D and hold the government accountable for maintaining an appropriate level of R&D investment. There also is consideration of forming an entity through which industry funding could attract a significant level of government funding. ABP is leading Phase Two of this process.

(c) Farm and Ranch Safety/Bill 6:

Some of the six working groups have already finished their work and we should be seeing reports from these groups soon. Not surprisingly, the Labour Relations working

group was not able to reach consensus on a number of issues it was addressing.

The AgCoalition is starting to move beyond the legislation and regulations toward establishing a framework, possibly including a provincial coordinating body and a farm and ranch safety association, that will actually help create a culture of safety on farms and ranchers, making these operations safer and healthier for all workers.

(d) Consumer confidence program update:

ALMA chose not to make a decision on the consumer confidence program for which ABP cooperated with BIXSco on a funding application. There had been discussions between BIXSco and ALMA and the application did not address some of the points that ALMA has raised. The application has been forwarded to AF for a decision. BIXSco is also establishing a BIXS Buying Club that would offer discounts to club members that would increase as the number of people purchasing a product or service increases. The Buying Club is a similar concept to our Producer Loyalty Program and BIXSco is looking for ABP support for it.

(e) Climate Leadership Policy Position:

The position paper has been completed and attracted a lot of interest with the government. Tom Lynch-Staunton and R. Smith are meeting with people in the climate change office later in September.

On September 19, 2016, the Federal Standing Committee on the Environment will be in Alberta and touring Buckley's ranch.

(f) Alberta Beef Quality Starts Here update:

VBP+ is under great scrutiny from a number of people and organizations. The VBP+ database has been completed and is working well. We are waiting for VBP+ to be recognized as a basis for verified sustainability. VBP+ must be recognized by the CRSB and the CRSB needs ISEAL approval for its indicators and verification process.

Currently, VBP+ has five pending audits and 33 renewed audits. There are 9010 producers trained on VBP and 322 producers registered. The registered producers have 71,000 cows and 587,000 feedlot animals. ABQSH and VBP+ are very appreciative of the support they have received from ABP through the years.

(g) NCOA/Canada Beef Annual Forum:

The director heard a report from the National Agency Annual Forum held during the Canadian Beef Industry Conference. The resolution to have the Agency begin the process of amending the proclamation to establish a Board of Directors for the Agency appointed by the provincial funders and the importers was tabled due to concerns over the reaction of the processors to this resolution. However, the Agency has started to take encouraging steps towards

further separating the NCO administration from the marketing and promotion activities of Canada Beef.

During the meeting, the directors learned that Rob Meijer had resigned as the President of Canada Beef effective September 16, 2016.

(h) Zone reports:

Zone 1: held a delegate/MLA BBQ on September 9th that was a successful event.

Zone 2: Just getting ready for the fall meetings.

Zone 3: Have an election this year and are sponsoring a marketing booth with Zone 2 at the Health Show.

Zone 4: Not much activity

Zone 5: There was a Chamber of Commerce meeting with a lot of discussion on minimum wage increase. The zone had their meeting at the Red Deer Earls. One new delegate.

Zone 6: Attending the Health Show in Edmonton

Zone 7: Was hoping to get the Famous Taste Express to a zone meeting, but the cost made the idea too expensive

Zone 8: The zone had a big turnover this year and was considering exit interviews.

Zone 9: Norm Hennigar is retiring and the zone is looking for a delegate to become the new director. They have a possibility and will have a confirmed name by the November board meeting.

(i) Harmony Beef report:

Bowie, R. Smith and Charlie Christie participated in a tour of Harmony Beef at the end of August. The tour was organized by David Moss of AgriClear and Bev Yee, Deputy Minister of Agriculture and Forestry participated, along with a significant number of representatives from other industry organizations. Harmony is looking to open the plant late this year. They are looking at November or December for the tours to open. Bev Yee, Deputy Minister of Agriculture, also participated in the tour.

Rich Vesta has faced a number of challenges in getting the plant operating. The water purification and recycling system is nearly operational and will provide enormous savings in water use. Bowie and R. Smith were impressed by what they saw at the plant, the steps that Vesta is making to improve carcass yield and food safety, and the commitment of the energetic and talented Harmony employees.

(j) AFAC/SPCA update:

The AFAC Executive met with the Minister and ADM during the Calgary Stampede. Since the meeting, there was an agreement that the government needs to become more involved in addressing the issue of large animal care cases. Recently, there was a meeting in Innisfail with AFAC, the

SPCA, LIS, and the RCMP, but it was not a very productive meeting.

Following the meeting, there was a suggestion from AF that AFAC, LIS, and the RCMP should get together for a meeting to discuss a strategy for dealing with animal care cases involving large animals and convey their ideas to the SPCA in a letter. The meeting is planned for September 23rd in Calgary and the purpose will be to develop an animal welfare strategy for farmed animals.

(k) Road allowances:

After extensive research and discussion, the Board declined to take action on a resolution regarding undeveloped road allowances that was carried at the 2015 AGM. The mover of the resolution was informed of the Board decision both verbally and by letter. The producer provided a letter to his zone director and asked that the letter be read to the ABP Board.

The Board understands that the producer was disappointed by the Board's response to the resolution and respects his position, but agreed that the decision had been made, the reasons for that decision have not changed, and the actions requested by the producer are not warranted.

9. Reading Materials

- (a) BOD Resolutions and Action Items:
- (b) Beef Supply at a Glance:

10. Next Meeting and Upcoming Events

- (a) Board meeting – October 20, 2016, ABP Board Room, Calgary, AB
- (b) Resolutions Committee Meeting – November 16, 2016, ABP Board Room, Calgary, AB
- (c) Board meeting – November 17, 2016, ABP Board Room, Calgary, AB
- (d) New Delegate Orientation – November 23, 2016, ABP Board Room, Calgary, AB
- (e) Board meeting – December 5, 2016, Sheraton Cavalier, Calgary, AB
- (f) Annual General Meeting – December 5-7, 2016, Sheraton Cavalier, Calgary, AB

11. Adjournment

The meeting was adjourned on a motion by Fraser at 4:25 p.m.