

**IDAHO BARLEY COMMISSION
MEETING MINUTES
JUNE 17-18, 2014, IDAHO FALLS, ID**

I. Roll Call – Chairman Pat Purdy called the IBC meeting to order at 9:00 a.m. on Tuesday, June 17, 2014 at the Busch Agricultural Resources Elevator in Idaho Falls, Idaho. **Attendees included:**

Pat Purdy, Chairman
Tim Dillin, District I Commissioner
Dwight Little, District III Commissioner
Clay Kaasa, Industry Representative
Kelly Olson, Administrator

Guests included: Dr. John Foltz, Dean, UI College of Agricultural and Life Sciences (CALs) by telephone; Dr. Juliet Marshall, UI cereal agronomist/pathologist, Idaho Falls; Dr. Howard Neibling, UI extension irrigation engineer, Kimberly; Dr. Christopher Rogers, incoming UI Barley Agronomist, Aberdeen (start date of July 28); Tim Pella and Boyd Coles, Busch Agricultural Resources, Idaho Falls; IGPA Executive Board member Sid Cellan, Soda Springs; Bryon Reed, barley producer, Idaho Falls; Kimberly Atkins, US Grains Council, Washington, D.C. and *Capital Press* reporter John O'Connell, Pocatello.

II. Barley Sustainability

Rod Snyder, President, Field to Market, the Alliance for Sustainable Agriculture –

Mr. Snyder joined the board meeting by telephone. He provided a comprehensive overview of the evolving Field to Market Sustainability Program that is a collaborative effort between dozens of national commodity organizations, agribusinesses, food processors, food retailers, conservation associations and the NRCS. Rod emphasized that Field to Market is engaging the full supply chain to develop and implement science and outcomes based measures to define and track sustainability and promote continuous improvements in production practices. FTM defines sustainable agriculture as meeting the needs of the present while improving the ability of future generations to meet their own needs, with specific focus on increasing productivity to meet future food and fiber demands; improving the environment; improving human health; and improving the social and economic well-being of agricultural communities. FTM priorities include:

1. Developing and implementing Grower Fieldprint calculators (commodity specific) to measure current resource use and impacts.
2. Sponsoring specific supply chain projects.
3. Generating a National Indicators Report which will present summary results of all environmental indicators in terms of resource use/impact per unit of production and total resource use/impact.

FTM is currently developing a Barley Fieldprint Calculator and has asked for assistance from members of the National Barley Growers Association to critique their benchmark tools.

Anheuser Busch's Seed to Sip Sustainability Campaign –Tim Pella, Busch Ag Idaho Falls manager, provided an overview of Anheuser Busch's global sustainability initiative and specific projects they are undertaking, including their new **SmartBarley** program which involves establishing farm-level benchmarks on barley production practices (goal is to survey 180 growers from their southern/eastern Idaho production region). UI irrigation engineer Dr. Howard Neibling reported that he was working closely with AB on another key component of their sustainability program that will provide real time information and tools to their producers to promote efficient water use. Anheuser Busch has paid for the purchase and installation of six additional **AgriMet** stations in key areas throughout eastern Idaho (in partnership with Bureau of Reclamation) and is promoting the use of WSU's **Irrigation Scheduler Mobile** software application that is designed to help producers use real time temperature and evapotranspiration data to fine-tune their irrigation scheduling. Tim also reported that AB has undertaken improvements at their Idaho Falls malt plant which has reduced water usage by 35 percent.

University of Idaho / Idaho Barley Commission proposal to Achieve Sustainable Barley Production through Research and Education - Drs. Howard Neibling, Juliet Marshall and Chris Rogers provided an overview of a comprehensive, collaborative and interdisciplinary research program to promote sustainable barley production practices that will enhance barley productivity, profitability and competitiveness. This project has been developed collaboratively between this UI research team and the Idaho Barley Commission. We are seeking funding support under a competitive federal research grant program operated by the Western Sustainable Agriculture Research Education Center housed at Utah State University and malting companies who have articulated an interest in promoting sustainable barley production practices. Key research experiments would include:

1. Evaluate impact of irrigation practices (specifically Low Energy Precision Application and modification of current center pivot design) on in-canopy relative humidity and possible wetting of barley heads by sprinkler irrigation during flowering and early seed formation which can lead to increased fungal disease pressure.
2. Evaluate using cover crops to enhance soil infiltration.
3. Evaluate and improve nutrient management efficiency by assessing performance of multiple barley varieties across a range of nitrogen rates under various irrigation practices prescribed under Experiment #1.

Chairman Pat Purdy reported he was participating in a project sponsored by the Nature Conservancy to implement variable rate irrigation practices in the Silver Creek production region. Consultant Bill Merrick has mapped their barley fields and installed monitoring devices and sensor controls on their center pivots to make irrigation adjustments based on GPS data on current crop conditions and plant health.

III. IBC Meeting Minutes

The minutes from the IBC's February 20, 2014 meeting were reviewed. **A motion was made by Commissioner Tim Dillin, and seconded, to approve the minutes for the February 20, 2014 IBC meeting as presented. The motion carried 4-0.**

IV. IBC Budget Report

Monthly check-off receipts, balance sheet and income statements -- The Administrator reviewed the balance sheet, income statement and budget versus actual expenditures. As of June 5, 2014, our current assets total \$449,842.77. Income to date totals \$626,161.88, which is 89.3% of the budgeted amount for the year and expenditures to date total \$636,518.73, which is 90% of the budgeted amount for the year. The Administrator reported that she anticipates that we should finish the fiscal year on June 30 with at least a \$6,800 increase in our reserves, compared to a budgeted increase of under \$1,000. **A motion was made by Commissioner Tim Dillin, and seconded, to approve the IBC financial report as presented. The motion carried 4-0.**

V. IBC Research

University of Idaho Endowed Barley Agronomist – The board welcomed Dr. Chris Rogers to his new position as the tenure-track Endowed Barley Research Agronomist. Chris is currently wrapping up his research work at the University of Arkansas and will start his new faculty position at the UI Aberdeen Research & Extension Center on July 28. There was considerable discussion of Chris's stellar academic record in soil fertility at the University of Arkansas and his preliminary thoughts on how he would design and implement his new barley agronomy research in Idaho. The board briefly reviewed a draft Barley Agronomist Work Plan that was developed jointly by the Idaho Barley Commission and University of Idaho last winter with broad input from industry stakeholders. This Barley Agronomist Workplan is considered a work in progress that will help guide Dr. Rogers' immediate priorities. The board asked to review the Agronomist Workplan in more detail at their fall meeting.

Western US Barley and Wheat Scab Research Initiative – Dr. Juliet Marshall, UI cereal agronomist/pathologist, reported on our successful efforts to secure \$60,000 in scab research funding to address the emerging FHB disease threat in Idaho and other western states. Dr. Marshall reported that funding will be used to establish a FHB screening nursery at Aberdeen to evaluate the susceptibility of barley and wheat cultivars and advanced lines in the variety development breeding programs. Other research projects in the future will investigate integrated management practices including residue management and fungicide chemigation to mitigate and/or control the spread of FHB in Idaho barley and wheat crops. Dr. Marshall also reported that she will be hosting the Western Wheat Workers and Cereal Pathologists meeting in the Twin Falls and Filer area on June 17-19. FHB will be a prominent discussion topic and Juliet thanked the Idaho Barley Commission for its sponsorship support for this meeting.

UI CALS Dean John Foltz report – CALS Dean Foltz joined the board meeting by telephone. Dr. Foltz gave a detailed report on CALS' FY 2015 budget enhancements

and FY 2016 budget request to the Governor. FY 2015 budget increase over FY 2014 totals \$1,924,000, which includes an employee health insurance increase of \$414,000, operating and capital replacements of \$1,200,000 and 4 FTE faculty and staff increases of \$313,000. These faculty and staff increases include 1 FTE faculty support for Endowed Barley Agronomist and 1 FTE technical support position for the Barley Agronomist. CALS has requested an additional \$1.5 million enhancements for FY 2016 which includes salary for current technical support positions and 7-10 new graduate assistantships. Dean Foltz also reported on CALS progress in filling critical faculty positions that are important to the Idaho grain industry: Dr. Kurt Schroeder, north Idaho cereal agronomist in Moscow; Dr. Arash Rashed, cereal and potato entomologist in Aberdeen; Dr. Chris Rogers, new barley agronomist in Aberdeen (July 28 start date); Dr. Xi Liang, new cropping systems agronomist in Aberdeen (September start date); and interviewing for cropping systems agronomist in Parma.

VI. IBC Administration

In-state per diem rates – The board reviewed a proposal to increase the in-state meal per diem rate from \$35/day to \$45/day. IBC has not made an adjustment in these reimbursement rates for the past 26 years, despite significant food inflation over this time period. For out of state travel, the IBC uses federal GSA reimbursement rates established for specific locations. **A motion was made by Industry Representative Clay Kaasa, and seconded, to approve an in-state meal per diem reimbursement rate of \$45/day. The motion carried 4-0.**

Approval of hosted meals – The Administrator reviewed seven hosted meals during the period February 20 through June 2, totaling \$305.76. **A motion was made by Commissioner Dwight Little, and seconded, to approve the seven hosted meals during the period February 20 through June 2, totaling \$305.76. The motion carried 4-0.**

2014 acreage estimates – The board reviewed the USDA NASS prospective planting estimate for Idaho barley acreage, released March 31, which showed barley acreage at 660,000, up 5% from last year. This estimate is consistent with malting and brewing company projections and reported seed sales. U.S. barley harvested acreage is projected to decline by 9% to 3.165 million, due to lower acreage estimates for North Dakota and Washington.

Travel Authorizations – The Administrator reviewed the calendar and out-of-state travel requests. **A motion was made by Industry Representative Clay Kaasa, and seconded, to approve the following travel authorizations: July 28-30 Administrator accompany Commissioner Tim Dillin to US Grains Council summer board meeting in Omaha; October 7-9 Administrator and new Industry Representative to attend North American Barley, Malt and Beer Forum on Toronto; October 20-22 Administrator to attend US Grain Council Export Exchange in Seattle. The motion carried 4-0.**

VII. IBC Program Review

Malting industry developments – Industry Representative Clay Kaasa provided an overview of current trends in North American malting and brewing markets, including the continued rapid growth of craft brewing across the U.S. The board reviewed information provided by the Brewers Association which represents the craft brewing segment on their new specifications for Barley Variety Characteristics suited for craft brewing. These new specifications are very similar, although not identical, to AMBA's new Barley Breeding Guidelines for All Malt Two Row (differentiation between all malt and adjunct two row varieties). Clay and the Administrator reported on the first-ever Idaho Barley Short Course for Craft Brewers which is being co-sponsored by the Idaho Barley Commission and Great Western Malting Co. on July 14-15 in Idaho Falls, Victor and Pocatello. We have 31 confirmed participants from eight states.

The Administrator reported there are rising tensions between this craft segment and the large traditional lager beer manufacturers in both the policy and marketing arenas. We are not exempt from these tensions, as our major traditional malting barley buyers are concerned about any efforts on our part to promote the craft brewing agenda that might come at the expense of traditional Idaho barley buyers. Specific concerns are focused on competing beer excise tax bills in Congress (Small Beer Act versus BEER Act). At the request of the Idaho Brewers United (craft trade association), the IGPA and IBC sent a letter earlier this year to the Idaho congressional delegation in support of the Small Beer Act. This has raised consternation from some of our traditional malting barley buyers who have been contracting malting barley production in Idaho for the past 40 years. Clearly, we need to be aware of these concerns and make extra effort to better educate our Idaho craft brewers on the need to find common ground on the beer excise tax legislation or risk losing any opportunity to reform beer excise taxes when Congress takes up tax reform. We also need to emphasize the need for all segments of the barley and beer industry, including the craft segment to help fund barley research. Craft beer production has been growing at an annual rate of 18% per year for the past couple years and is on pace to reach 10% of total U.S. beer production (and about 30% of malt use) this year.

Barley Crop Insurance report by Dave Paul – Dave Paul, RMA Spokane Region Director, joined the board meeting by telephone. He reported that RMA was working hard to get all of the new insurance provisions authorized by the 2014 Farm Bill in place, with draft regulations expected to be announced by the end of July. Dave emphasized that RMA was working diligently to evaluate whether they have sufficient barley data in order to include barley under the new Supplemental Coverage Option insurance being offered in 2015 under new farm bill provisions (SCO is new companion coverage to the price protection option). Earlier this year USDA Secretary Vilsack announced that barley would not be eligible for SCO coverage in 2015, but based on strong encouragement from the Idaho Barley Commission (Commissioner Tim Dillin and Administrator Kelly Olson) during a June 1 meeting with the RMA Administrator in Spokane they are working hard to get barley coverage put into place in 2015. Dave also reported on the status of the new Malt Barley Revenue Insurance Policy being developed by the North Dakota Barley Council. At this time it does not appear that this

new policy will be in place in 2015 because there are issues that have not yet been resolved and they are rapidly approaching deadlines that must be met to have the policy in place for winter coverage (September 30 deadline) in the Pacific Northwest. Finally, Dave advised the board he was intending to retire at the end of July. The IBC board thanked Dave Paul for his excellent service to Idaho barley producers.

US Grains Council – Commissioner Tim Dillin introduced Kimberly Atkins, Director of International Programs for the U.S. Grains Council, based in Washington, D.C. Kim provided an overview of the US Grains Council's current and proposed barley export market development programming in Asia (food barley) and Latin American (malting). She reported the Council's total programming is valued at more than \$28 million annually, including \$13 million in USDA FAS grant funding, \$6.8 million in member funding and more than \$8 million in third party contributions. Kim noted that the Council will sponsor a multi-grain trade mission to South American later this fall (corn, sorghum and barley). Idaho Barley Commissioner Tim Dillin will likely be invited to participate in this mission. Kim also summarized the Council's FY 2015 budget request to the Idaho Barley Commission.

Food Barley Initiative – The Administrator reported on the IBC's multi-prong food barley initiative, including variety development at ARS Aberdeen; promotional efforts with potential Asian and domestic food manufacturers; and barley in schools project. Commissioner Tim Dillin reported that for all practical purposes the National Barley Foods Council is defunct but funds remain in the NBFC's bank account which we have asked be returned to former members. IBC's Food Barley Strategic Initiative activities include:

1. IBC facilitated Transit seed production in eastern ID in summer 2013– est. 34,000#
PNW Farmers Cooperative purchased 32,000 #
IBC paid growers total of \$2,318.31

- Aberdeen / USDA/ARS - est. 10,000 #
- Ririe / Ririe Grain - est. 9,860 #
- Grace / Scoular Grain - est. 15,980 #

NET COSTS: \$3,420.97 (includes production contracts, storage and sample shipments to Asia).

2. Yuma AZ winter seed increase – we planted 4 acres. About 18,000# seed was shipped to Idaho in early April; stored at Thresher Artisan Wheat warehouse in Idaho Falls. NET COST \$14,012.38.

3. Sample distribution – IBC and ARS – samples were distributed in fall 2013 and winter 2014 to multiple companies in US, Japan, Taiwan and South Korea. Strong interest expressed from two Japanese companies, one Taiwanese company and one US company.

4. PNW Farmers Cooperative signed 2014 production contract with Cargill Japan. All acres are located in north Idaho (Genesee and Bonners Ferry).

5. Thresher Artisan Wheat (General Mills) is very interested in pursuing food barley business opportunities. They have about 5,000 bushels Transit seed and 5,000 bu commercial Transit in inventory. Thresher was producing additional Transit seed in 2014.

6. Create food barley research collaboration with key industry players. Discussions are beginning with ConAgra and others.
7. Domestic and Asian Market development - After discussions with Highland Specialty Grains and PNW Coop on June 2 (Commissioner Tim Dillin and Administrator), we identified a key priority to investigate industry interest in a Food Barley Products Technical Short Course at the Wheat Marketing Center (target date winter 2015).
8. Federal food barley grade - Dan McKay would like to push for establishment of hullless food barley grade (FGIS). Need to determine need and proceed carefully to avoid any unintended consequences.

National Barley Growers Association (NBGA) report – Commissioner Dwight Little reported on the summer NBGA board meeting held June 2-4, 2014 in Fargo, N.D. He noted that NBGA continues to assess ways to broaden the funding base, as the organization continues to draw down reserves. Dwight also reported on the status of farm bill implementation.

The meeting was recessed at 4:30 p.m. and scheduled to resume at 10 a.m. on Wednesday, June 18 at the same location.

June 18 Roll Call – Chairman Pat Purdy called the IBC meeting to order at 10:00 a.m. on Wednesday, June 18, 2014 at the Busch Agricultural Resources Elevator in Idaho Falls, Idaho. **Attendees included:**

Pat Purdy, Chairman
Tim Dillin, District I Commissioner
Dwight Little, District III Commissioner
Clay Kaasa, Industry Representative
Kelly Olson, Administrator

Guests included: IGPA Executive Board member Sid Cellan, Soda Springs; IGPA Executive Board member Clark Hamilton, Ririe; Scott Brown, barley producer, Soda Springs; Matt Gellings, Bonneville County Grain Producers President, Idaho Falls; Tim Pella, Busch Agricultural Resources, Idaho Falls; Kimberly Atkins, US Grains Council, Washington, D.C; Chris Wright, Idaho National Laboratory and *Capital Press* reporter John O’Connell, Pocatello.

Idaho Grain Producers Association (IGPA) report - IGPA Executive Board members Sid Cellan and Clark Hamilton presented IGPA’s FY 2015 funding request, which is a status quo request of \$62,000, which includes: \$52,000 basic representation service, \$7,500 for Idaho Grain Magazine and \$2,500 for the annual producer convention.

Idaho National Laboratory Cellulosic Biofuel Research Program – Dr. Chris Wright provided an excellent report on the INL’s past 15 years efforts to develop the science and technology necessary to help commercialize cellulosic biofuels, with an emphasis on feedstock research and feasibility. DOE maintains an annual \$16 million research and development program to help commercialize biofuels. In recent years they have shifted their focus away from ethanol to hydrocarbon production (gasoline and jet fuels)

directly from the plant sugar stream. In 2012, southern and eastern Idaho received a very favorable rating in terms of cellulosic feedstock availability. Chris reported that Pacific Ethanol which operates conventional corn ethanol plants in Burley ID and Boardman OR has expressed strong interest in developing biofuels from cellulosic feedstocks in the Western U.S.

IBC office location and staffing requirements

Office location options – Chairman Pat Purdy and the Administrator summarized the IBC's six month assessment of the most efficient office location(s) to meet the needs of Idaho barley producers. He concluded that there were many factors considered and the only consensus was that the IBC should maintain an office presence in Boise. There were also many factors that supported opening an office in Idaho Falls to better serve the needs of producers who produce more than 65 percent of the state's barley production. The Administrator reported that travel between Boise and Idaho Falls has increased substantially in recent years. In FY 2014 she spent more than \$8,144 in travel between Boise and eastern Idaho compared to \$6,284 in FY 2013. Total mileage on her personal vehicle totaled nearly 9,500 miles in FY 2014, compared to 6,590 miles in FY 2013. Most state agencies buy state vehicles to be used by employees who are traveling more than 6,000 miles annually.

After considerable discussion, a **motion was made by Commissioner Tim Dillin, to open a satellite office at the Busch Seed Plant in Idaho Falls for a trial period of one year. The motion carried 4-0.**

Administrative Assistant replacement – Andi Woolf left the employment of the Idaho Barley Commission on May 28. The board directed the Administrator to revamp the position into a three-quarter time Administrative Assistant position and begin the recruitment process. The decision on whether to place the new Administrative Assistant in the new satellite office in Idaho Falls or in Boise was delayed until the following week to consider additional information.

VIII. IBC FY 2015 Budget

FY 2015 projected income: \$727,019

Check-off receipts - \$725,579

Interest income – \$1,100

Misc. and Market Report - \$340

A motion was made by Industry Representative Clay Kaasa, and seconded, to approve FY 2015 income projection of \$727,019. The motion carried 4-0.

FY 2015 expenditures: \$725,597

Capital Outlay - \$2,050

Administration - \$904,256 (includes 2.0% merit pay increase for the Administrator)

Research - \$359,905 (includes the \$200,000 second year payment on the UI Barley Agronomy Endowment)

Market Development - \$96,823

Industry Partnership/Grower Services - \$117,960
Information/Education - \$52,603

A motion was made by Industry Representative Clay Kaasa, and seconded, to approve a provisional FY 2015 budget of \$725,597, with adjustments to be made to office rent and Administrative Assistant salary. The motion carried 4-0.

A final motion was made by Commissioner Dwight Little, and seconded, to approve all acts and transactions of the June 17-18, 2014 IBC meeting. The motion carried 4-0.

The board expressed its heartiest appreciation to retiring Commissioner Dwight Little and Industry Representative Clay Kaasa and thanked them for their excellent six years service to the Idaho Barley Commission and Idaho barley producers. With no other business, the IBC meeting was adjourned by Chairman Pat Purdy at 2:10 p.m.

Pat Purdy, Chairman

Date

JUNE 23, 2014 CONFERENCE CALL

The board held a conference call on Monday, June 23, 2014, to discuss final details of the Administrative Assistant recruitment, which included where this employee will be located. **A motion was made by Commissioner Tim Dillin, and seconded, to place the Administrative Assistant in the new Idaho Falls satellite office. The motion carried 4-0.**

**IBC MEETING
JUNE 17-18, 2014
MOTIONS PASSED**

1. A motion was made by Commissioner Tim Dillin, and seconded, to approve the minutes for the February 20, 2014 IBC meeting as presented. The motion carried 4-0.
2. A motion was made by Commissioner Tim Dillin, and seconded, to approve the IBC financial report as presented. The motion carried 4-0.
3. A motion was made by Industry Representative Clay Kaasa, and seconded, to approve an in-state meal per diem reimbursement rate of \$45/day. The motion carried 4-0.
4. A motion was made by Commissioner Dwight Little, and seconded, to approve the seven hosted meals during the period February 20 through June 2, totaling \$305.76. The motion carried 4-0.
5. A motion was made by Industry Representative Clay Kaasa, and seconded, to approve the following travel authorizations: July 28-30 Administrator accompany Commissioner Tim Dillin to US Grains Council summer board meeting in Omaha; October 7-9 Administrator and new Industry Representative to attend North American Barley, Malt and Beer Forum on Toronto; October 20-22 Administrator to attend US Grain Council Export Exchange in Seattle. The motion carried 4-0.
6. A motion was made by Commissioner Tim Dillin, to open a satellite office at the Busch Seed Plant in Idaho Falls for a trial period of one year. The motion carried 4-0.
7. A motion was made by Industry Representative Clay Kaasa, and seconded, to approve FY 2015 income projection of \$727,019. The motion carried 4-0.
8. A motion was made by Industry Representative Clay Kaasa, and seconded, to approve a provisional FY 2015 budget of \$725,597, with adjustments to be made to office rent and Administrative Assistant salary. The motion carried 4-0.
9. A final motion was made by Commissioner Dwight Little, and seconded, to approve all acts and transactions of the June 17-18, 2014 IBC meeting. The motion carried 4-0.
10. **June 23 conference call:** A motion was made by Commissioner Tim Dillin, and seconded, to place the Administrative Assistant in the new Idaho Falls satellite office. The motion carried 4-0.