

**IDAHO BARLEY COMMISSION
MEETING MINUTES
MAY 27-28, 2009, IBC OFFICE
BOISE, ID**

May 27, 2009

I. Roll Call – Chairman Ron Elkin called the IBC meeting to order at 8:35 a.m. on Wednesday, May 27, 2009, at the IBC Office in Boise, ID. Attendees included:

Ron Elkin, Chairman
Dan Mader, District I Commissioner
Dwight Little, District III Commissioner
Clay Kaasa, Industry Representative
Kelly Olson, Administrator

Guests included: Clark Kauffman, IGPA Executive Board member; Travis Jones, IGPA Executive Director; Gary Fuhrman, Idaho Farm Bureau Federation, Pocatello; and Greg Friberg, Great Western Malting Co., by conference call from Vancouver, WA.

II. IBC Meeting Minutes

The minutes from the IBC's March 3, 2009 meeting were reviewed. **A motion was made by Industry Representative Clay Kaasa, and seconded, to approve the minutes for the March 3, 2009 meeting as presented. The motion carried 4-0.** The minutes from IBC's March 17, 2009 conference call were reviewed. **A motion was made by Commissioner Dan Mader, and seconded, to approve the minutes for the March 17, 2009 conference call as presented. The motion carried 4-0.**

III. IBC Budget Report

Monthly check-off receipts, balance sheet and income statements -- The Administrator reviewed budget reports as of April 30, 2009 and May 27, 2009, showing check-off receipts totaling \$378,210.35, which are above the budgeted amount due to higher total production in 2008. Total income-to-date as of May 27 was \$389,140.24 (99.3% of budget); and expenditures were \$379,308.86 (85.2% of budget), leaving a net gain as of May 27 of \$9,831.38. The Administrator noted that she was projecting total check-off income at \$415,000, based on estimates of barley that is expected to come to market by June 30. Total income is estimated at \$428,255. **A motion was made by Commissioner Dan Mader, and seconded, to approve the IBC financial report as presented. The motion carried 4-0.**

IV. IBC Administration

Approval of hosted meals – The Administrator reported two hosted meals in FY 2009 that need IBC board approval: Administrator and Commissioner Dan Mader hosted a group of ARS scientists in Albany, CA for lunch on January 29, 2009 for a total of \$80.73. The Administrator hosted a group for lunch in Caldwell to discuss possible synergies between the barley protein fractionation project proposed by Montana Microbial Products and ED &F Man's ethanol plant for a total of \$73.23. **A motion was made by Commissioner Dwight Little, and seconded, to approve the two hosted meals in FY 2009 totaling \$153.96. The motion carried 4-0.**

Changes to Idaho's Open Meeting Statute – The Administrator summarized changes approved by the 2009 Idaho Legislature to Idaho's Open Meeting Statute (SB 1142), including:

New rules pertaining to posting and amending meeting agendas. A public meeting agenda must now be posted 48 hours in advance of the meeting. If the agenda is amended after posting and prior to the meeting, the amendments must be approved by motion at the start of the public meeting. If amended on the day of the meeting, then the motion at the start of the meeting must state the reason for the amendment and explain why the agenda item was not included in the original agenda posting.

Institute for Barley and Malt Sciences – In Clark Kauffman’s absence, the Administrator provided a report on the ongoing discussions of the advisory board of the proper mission the Institute for Barley and Malt Sciences (IBMS). Idaho barley is a member of this advisory board, along with MT and ND barley councils and malting and brewing companies. Industry views the mission of IBMS as a conduit for grower education to encourage increased barley plantings. Clark Kauffman continues to represent Idaho on this board. They held a conference call on May 15 and Clark raised the question of whether the IBMS could serve a similar function as the Wheat Quality Center in Portland in working with potential export customers on specifications for U.S. malting barley and malt. Clark joined the IBC meeting at this point and shared minutes from the May 15 meeting, in which the focus continued to be on research and grower education. Chairman Ron Elkin explained his frustration that industry buyers seem to think that more grower education will result in increased acreage, when it is clear that the growers’ net return will ultimately drive planting decisions. Ron indicated that he felt Idaho needed to remain at the table to monitor the IBMS activities. IBMS receives some portion of funding from the federal appropriations for Barley for Rural Development, which is a joint research project of the University of Idaho and Montana State University.

V. IBC Program Review – Research, Market Development, Grower Services and Information/Education

IGPA report/ FY 2010 budget request – IGPA Executive Director Travis Jones provided a recap of major state legislative and federal issues that IGPA has been engaged in this year, including:

State

- Increase in crop depredation funding authorization from \$406,000 to \$600,000 (HB 333);
- Opposition to proposed beer excise tax increase from current rate of 15 cents per gallon to a percentage of the wholesale price, equivalent to 52 cents per gallon (HB 140) – bill failed in House Rev & Taxation Cmte.
- Changes to Commodity Dealers and Commodity Indemnity Fund (HB 34 and 37) that will require commodity dealers to carry peril insurance on full market price of commodities they have received and for which they still owe a producer and reduce the financial risk to the CIF by limiting producer and CIF liability to no more than three years of annual assessment for claims exceeding the balance of the fund.
- Transportation funding compromise.

Federal

- Federal budget resolutions – IGPA joined OR and WA in a PNW letter opposing the Obama Administration’s budget proposals dealing with federal farm payment limits and program eligibility requirements.
- Possible sin tax increases (including beer excise tax) to pay for health care reforms.
- Rail transportation – rail anti-trust bill is pending consideration in the Senate; unfortunately it does not include any of our important captive shipper provisions so there is an effort underway to consolidate rail bills, which will likely delay consideration of the anti-trust bill.
- Climate change legislation – bill reported out of the House Energy and Commerce Committee but there are eight other committees that could claim jurisdiction so this debate is far from over. Ag Committee Chairman Colin Peterson will stick up for agriculture and ethanol in this debate. The prospects for passage in the Senate are even more problematic.

Idaho Senator Mike Crapo serves on the Senate Environment Committee which will have primary jurisdiction and he is working with Michigan Senator Debbie Stabenow on agricultural provisions.

- Conservation programs – improvements to CSP including eligibility no longer restricted to particular watersheds.

2009 Oregon / Idaho Grains Conference – Travis distributed an outline of the 2009 convention and identified steps being taken to tighten the budget, including shortening the conference by half a day.

Travis listed IGPA's and his involvement in related ag organizations in Idaho. He also briefly recapped **IGPA's FY 2010 budget proposal**.

Commissioner Dwight Little asked about IGPA's organizational efforts in eastern Idaho counties. Travis replied that work was ongoing, particularly in Fremont County. Mark Thiel has been elected the new state director from Bonneville County. Commissioner Dan Mader asked whether IGPA was embracing new technology in its communication efforts. It was noted that IBC will launch its first podcast at its October board meeting.

U.S. and Global Malt and Brewing Update – Greg Friberg, Great Western Malting Co., joined the board meeting by conference call. Greg provided an excellent overview of barley and malt supply and demand trends in 2009-2010 and discussed some long-term trends he sees on the horizon that might affect the Idaho industry and producers. More extensive notes of Greg's presentation have been summarized and are available upon request.

National Barley Improvement Committee barley research funding priorities –

Chairman Ron Elkin reported on the National Barley Improvement Committee's (NBIC) FY 2010 barley research funding priorities for Idaho -

- § \$300,000 enhancement for Barley Germplasm Development at ARS/Aberdeen - was not included in Congressman Simpson's priority list submitted to the agriculture subcommittee.
- § \$600,000 Special Research Grant (through USDA/CSREES) for Barley Rural Development at University of Idaho and Montana State University (small pass through to the Institute for Barley and Malt Sciences at NDSU) – this request was on Congressman Simpson's priority earmark funding list for FY 2010.

UI Barley for Rural Development special research grant (USDA CSREES) – The

Administrator recapped the funding situation for the University of Idaho's Barley for Rural Development research program. UI received \$216,058 in FY 2009, \$230,110 in FY 2008 and \$339,650 in FY 2006. In FY 2007 there was no federal research earmarks funded so the UI redirected some funding from their Hatch allocation in the amount of \$159,100.

In the current FY 2009, the UI will allocate its \$216,058 grant funds as follows:

- \$86,029 – allocated to fund Dr. Juliet Windes' research efforts in Idaho Falls and Aberdeen, including winter barley agronomic performance; evaluation of ARS barley cultivars for disease resistance; and new on-farm research at Gordon Gallup's farm to evaluate barley in crop rotation to suppress diseases and nematodes.
- \$86,029 will be passed through to ARS Aberdeen Dr. Don Obert for barley variety improvement.
- \$44,000 is earmarked for competitive sub-awards to UI and ARS Aberdeen scientists.

U.S. Grains Council (USGC) programs – Commissioner Dan Mader reported on current US Grains Council barley export market development priorities, including the ongoing food

barley initiative in Japan and Taiwan and feed barley export trade servicing in Japan. Dan and the Administrator reported that the corn states' Corn Vision 2012 efforts to consolidate the US Grains Council and National Corn Growers Association into a single organization has ended. The two organizations have formed a Collaboration Committee and will work towards greater cooperation and coordination, but not consolidation.

National Barley Foods Council / FY 2010 proposal – Commissioner Dan Mader reported on the strategic realignment that he is attempting to facilitate at the National Barley Foods Council. He indicated that progress was slow, but that North Dakota would be sending two people to the annual meeting on June 17 so there was still reason for optimism. For now, Dan has recommended cutting IBC's FY 2010 budget contribution from \$12,500 to \$10,000.

National Barley Growers Association (NBGA) – Commissioner Dwight Little reported on the summer board meeting scheduled June 23-25 in Milwaukee, WI. He noted that IGPA Vice President Scott Brown has been elected as the incoming NBGA vice president, effective July 1. The summer board meeting will include a joint meeting with the board of the American Malting Barley Association. We discussed issues that should be raised with AMBA board members, including the cumbersome approval process for new malting barley varieties in the domestic market and support for barley biotech research and eventual release of GMO barleys.

Transportation report – The Administrator reported on a project she was working on with Eastern Idaho Railroad to secure better rail service and freight rates to move Coors malting barley from Burley, ID to its malt plant in Golden, CO. This project came about at the request of Idaho Legislator Jim Patrick (barley grower from Ron Elkin's area). EIRR has developed a proposal to move Coors' barley by unit train from Idaho directly on UP rail to an elevator located about 50 miles from Golden and then trucked to the malt plant, rather than the current switching that has to occur between UP and BNSF to move barley from Idaho to Golden, CO. UP has not yet quoted a rate on this proposed unit train movement.

Risk management education – The Administrator reported on the \$20,000 grant the IBC received from the Western Center for Risk Management Education. Funding was used to:

- Collaborate with UI Extension on offering **Farm Business Management Schools** (like our cereal schools but business mgmt focus) in at least two locations. **Workshop dates were Jan. 13 in Lewiston and Jan. 14 in Idaho Falls.** Attendance totaled 61 at the two schools. Evaluations were excellent.
- Develop expanded features of our **Mountain View Farms computer simulation game** and offer intensive training in at least two locations. This training may be incorporated in Farm Business Management Schools or stand-alone marketing workshops in January or February 2009.
- Disseminate current grain market outlook and analysis.

VI. IBC Value-Added Initiatives

The board discussed ongoing action plans for the Commission's four **Value-Added Initiatives** for winter malting barley, malting barley for export, food barley and specialty feed/ low phytate barley:

Winter Malting Barley

- **Charles** malting barley seed production – UI Kimberly / Anheuser Busch.
- 2009 commercial production – estimated at 1.2 to 1.5 million bu (AB contracted 8500 acres/1.2 million bu commercial and 430 acres/45,000 bu seed), GWM (900 acres / 100,000 bu), GModleo (500 acres/75,000 bu), Miller Coors (650 acres / 100,000 bu). Projected 2010 production 2.7-3.0 million bu.
- **Endeavor** was released by ARS in Dec. 2008. Seed expansion underway.

- AMBA approved **Charles** as official recommended variety in Western U.S. at their Dec, 2008 meeting at request of GModelo Agriculture Inc. **Charles** is still being plant-scale tested by AB and Miller. May require 3rd year of plant scale testing, but not likely.
- Provided agronomic data and samples of **Charles** and **Endeavor** to GModelo and SABMiller (fall/winter 2008-09).
- Continuing to investigate ways to speed up malting barley approval process (ARS, AMBA, private companies, importers).

Malting Barley for Export

- Helped plan and participated in Latin American Malt and Malting Barley Buyers Conference in Jan. 2008 (Ron and Kelly). 3rd conference planned for 2010.
- Targeted market development efforts at Mexico and Colombia/Peru. Met with SABMiller group in early August in Portland (Ron & Kelly).
- Continuous phone conversations with GModelo Agriculture, Inc, in Idaho Falls; to be followed up by face-to-face meeting on winter barleys in summer 2009.
- Maintained close contact with FEMSA/CCM (2nd Mexican brewer based in Monterrey). CCM has initiated 2,000 MT of direct contracts with a handful of eastern ID growers (arranged through General Mills, Newdale elevator).
- Arranged for and shipped 190 pounds of winter malting barley samples (25 pounds of **Endeavor** and 166 pounds of **Charles**) to SABMiller group in Cartagena, Colombia.
- Continuing to work on congressional passage of Colombia Free Trade Agreement. Canada approved a bilateral trade agreement with Colombia in summer 2008 which now gives them duty free access for malting barley and malt.

Food Barleys

- **Updated our U.S. Food Barley Production Assessment Report** for US Grains Council and selected U.S. food companies (revised July 2008).
- **Crop insurance** – working closely with RMA Kansas City on the development of an enhanced price option under existing feed barley insurance that would allow a producer to insure food, malting and certified seed at more realistic market values (verify by contracts).
- **Japan market development** –
 - Dwight Little and Sam White (PNW Farmers Cooperative) participated in Jan. 2009 barley mission.
- **Taiwan market development** –
 - Participated in Idaho Governor's Asian trade mission – Taiwan on Oct. 20-21, 2008.
 - Ten new food products have been under development using high beta-glucan barley. A private company has developed a barley and wheat blended health product for diabetes.
 - Responded to specific trade inquiries for samples in April 2009 – hullless but not waxy HBGB (nothing currently available for export) and at least one metric ton Salute which PNW Coop has agreed to provide.
- **Domestic** –
 - Production contracts were initiated in eastern Idaho by two commercial companies (General Mills and Cargill).
 - Assisting Dan Mader with developing new strategic directions for National Barley Foods Council. Prepared industry-targeted survey but has not been executed by NBFC staff.
 - Continue discussions with ARS cereal chemists at Albany, CA, and Aberdeen, ID, about creating a Barley Products Research Collaborative involving ARS, universities and private food companies.
 - Continuing to work with ARS Human Nutrition Laboratory in Beltsville, MD on barley nutrition research.

- Continuing to work on pilot project to expand use of barley foods in National School Lunch Program (in collaboration with Phoenix Agri Research). The National School Lunch Program needs to be reauthorized by Congress in 2009, so timing may be very good to introduce a pilot program geared at using barley as an ingredient in such foods as tortillas, breads and snack bars.

Specialty Feed Barleys / Low Phytate Barley

- Working closely with Montana Microbial Products (Butte, MT) on a proposed barley protein fractionation / ethanol plant in Idaho. The preferred location was Buhl due to the proximity to both barley production and fish feed manufacturing (will use barley protein), but they could not successfully secure an industrial water permit, which has forced them to look at alternative sites in Idaho, Oregon and Montana. I arranged a meeting between Montana Microbial and ED&F Mann, the company which operates a potato waste ethanol plant in Caldwell. This ethanol facility is struggling due to a shortfall in potato waste feedstock. The purpose of the two-day meeting on April 7-8 was to discuss possible synergies between the two projects. A plant modification appeared to be technically feasible but the question was whether there was adequate barley production in the southwestern ID region. An economically competitive plant would require 2 million bushels of barley (five year average production in SW ID is 670,000 – 812,000 bushels). As follow-up to the initial meeting, I prepared a net return analysis for competing crops in this area, which demonstrated that higher yielding winter barley would be competitive with wheat, corn and alfalfa. Last year, IBC wrote a letter of support for Montana Microbial to receive SBIR Phase II grant funding for engineering/design work.
- Continuing to work with ARS researchers and Magic Valley fish feed manufacturers on expanding use of barley in fish diets. Discussing expanded protocol to evaluate different barleys such as Clearwater lpa barley for protein extraction.

The IBC meeting was recessed at 5:15 p.m.

May 28, 2009

Roll Call – Chairman Ron Elkin called the IBC meeting back to order at 9:15 a.m. on Thursday, May 28, 2009, at the IBC Office in Boise, ID. Attendees included:

Ron Elkin, Chairman
 Dan Mader, District I Commissioner
 Dwight Little, District III Commissioner
 Clay Kaasa, Industry Representative
 Kelly Olson, Administrator

Guests included: Gary Fuhriman, Idaho Farm Bureau Federation, Pocatello.

VII. IBC Grower Outreach / Assessment Referendum

IBC grower outreach – Commissioner Dwight Little reported on the ongoing grower outreach efforts in eastern ID. Additional outreach will be targeted for summer and fall 2009, including small one-on-one sessions, field days, county IGPA meetings and phone calls from key growers. All areas of the state will be targeted. IFBF Gary Fuhriman issued an invitation to address the Farm Bureau's County President's meeting this summer and to also include materials on the referendum in their FB publications.

IBC referendum on future assessment legislation – Discussion ensued on whether the timing was right to conduct the referendum. The final consensus was to press ahead with the vote during the first two weeks of November 2009. Ballot wording was discussed and draft

language was reviewed. Board members will have final approval of the ballot. The mechanics of the producer referendum will be handled by the Idaho State Department of Agriculture.

Possible increase in IBC board size – The board discussed the proposal raised last year to add a second grower board member from eastern Idaho. The board generally favored the idea but wanted to continue gathering feedback from eastern ID growers before making a final recommendation to the IGPA.

Other – Gary Fuhrman, Idaho Farm Bureau Federation, was asked for input and to report on IFBF grain marketing education. Gary reported on their ongoing efforts to develop markets for Idaho durum and hard white wheat in Mexico and the ag session that they have helped organize in conjunction with the annual PNWER meeting which will be held in Boise this year. The ag session is scheduled July 13 in Boise.

VIII. Other / Calendar

Travel Authorizations – Out-of-state travel requests were reviewed.

A motion was made by Commissioner Dan Mader, and seconded, to approve two out-of-state travel requests – Administrator to participate in USGC summer board meeting on July 19-22, 2009 and the Administrator and Industry Representative Clay Kaasa to participate in the USGC winter board meeting in Feb. 2010. The motion carried 4-0.

IX. IBC FY 2010 Budget

Income Projection – A motion was made by Commissioner Dan Mader, and seconded, to approve an income projection for FY 2010 of \$398,255. The motion carried 4-0.

Discussion followed on each budget category.

Capital Outlay – A motion was made by Commissioner Dwight Little, and seconded, to approve a Capital Outlay budget of \$1,300. The motion carried 4-0.

Administration -- A motion was made by Commissioner Dan Mader, and seconded, to approve a FY 2010 Administration budget of \$83,776, subject to final approval of personnel compensation. This included a new item - \$2,500 for audits of barley check-off collections by the Idaho State Department of Agriculture. The motion carried 4-0.

Research – A motion was made by Industry Representative Clay Kaasa, and seconded, to approve a FY 2010 Research budget of \$101,267. The motion carried 4-0.

Market Development – A motion was made by Industry Representative Clay Kaasa, and seconded, to approve a FY 2010 Market Development budget of \$90,911. The motion carried 4-0.

Industry Partnership – A motion was made by Commissioner Dan Mader, and seconded, to approve a FY 2010 Industry Partnership budget of \$104,403. The motion carried 4-0.

Education / Information – A motion was made by Commissioner Dan Mader, and seconded, to approve a FY 2010 Education/Information budget of \$49,584. The motion carried 4-0.

Personnel Compensation – A motion was made by Industry Representative Clay Kaasa, and seconded, to approve a 2% raise for the Project Coordinator/Fiscal Officer. The motion carried 4-0.

Final FY 2010 budget – A motion was made by Commissioner Dwight Little, and seconded, to approve a final FY 2010 budget of \$431,241 (down from \$448,195 approved in FY 2009), with an anticipated drawdown of \$32,986. The motion carried 4-0.

A final motion was made by Commissioner Dwight Little, and seconded, to approve all acts and transactions of the May 27-28, 2009 meeting. The motion carried 4-0.

With no other business, the IBC meeting was adjourned by Chairman Ron Elkin at 12:30 p.m.

Ron Elkin, Chairman

Date

**IBC MEETING
MAY 27-28, 2009, BOISE, ID
MOTIONS PASSED**

1. A motion was made by Industry Representative Clay Kaasa, and seconded, to approve the minutes for the March 3, 2009 meeting as presented. The motion carried 4-0.
2. A motion was made by Commissioner Dan Mader, and seconded, to approve the minutes for the March 17, 2009 conference call as presented. The motion carried 4-0.
3. A motion was made by Commissioner Dan Mader, and seconded, to approve the IBC financial report as presented. The motion carried 4-0.
4. A motion was made by Commissioner Dwight Little, and seconded, to approve the two hosted meals in FY 2009 totaling \$153.96. The motion carried 4-0.
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12. A motion was made by Commissioner Dan Mader, and seconded, to approve a FY 2010 Education/Information budget of \$49,584. The motion carried 4-0.
13. A motion was made by Industry Representative Clay Kaasa, and seconded, to approve a 2% raise for the Project Coordinator/Fiscal Officer. The motion carried 4-0.
14. A motion was made by Commissioner Dwight Little, and seconded, to approve a final FY 2010 budget of \$431,241 (down from \$448,195 approved in FY 2009), with an anticipated drawdown of \$32,986. The motion carried 4-0.
15. A final motion was made by Commissioner Dwight Little, and seconded, to approve all acts and transactions of the May 27-28, 2009 meeting. The motion carried 4-0.