

**IDAHO BARLEY COMMISSION
MEETING MINUTES
JUNE 7-8, 2010, PNW FARMERS COOPERATIVE OFFICE
GENESEE, ID**

June 7, 2010

I. Roll Call – Chairman Dwight Little called the IBC meeting to order at 8:35 a.m. on Monday, June 7, 2010 at the PNW Farmers Cooperative office in Genesee, ID. **Attendees included:**

Dwight Little, Chairman
Dan Mader, District I Commissioner
Ron Elkin, District II Commissioner
Clay Kaasa, Industry Representative
Kelly Olson, Administrator
Andi Woolf, Project Coordinator/Fiscal Officer

Guests included: Travis Jones, IGPA Executive Director, Boise; Joe Anderson, IGPA Secretary/Treasurer, Genesee; Sam White, PNW Farmers Cooperative, Genesee; Vince Mathews, State Director, USDA Idaho Agricultural Statistics Service, Boise; Don Fast, U.S. Grains Council secretary & Montana Wheat and Barley Committee, Glasgow, MT. Joining the board meeting by telephone to address specific agenda items: Dr. Patrick Hayes, Oregon State University barley breeder, Corvallis, OR; Clifford Bradley, Montana Microbial Products, Butte, MT; and Terry Whiteside, Whiteside & Associates and Alliance for Rail Competition, Billings, MT.

II. IBC Meeting Minutes

The minutes from the IBC's March 2, 2010 meeting were reviewed. **A motion was made by Commissioner Ron Elkin, and seconded, to approve the minutes for the March 2, 2010 IBC meeting 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 May 31, 2010, showing check-off receipts totaling \$371,991.26, which are \$6,219 lower than for the same period last year due to the fact that a sizeable amount of contract malt barley remains on the farm at this time. The Administrator is projecting check-off receipts for MY 2010 at \$405,000 which is \$20,000 above the budgeted amount. Total income-to-date was \$379,484.15 (95.3% of budget); and expenditures were \$413,760.36 (94.9% of budget), leaving a net deficit of \$34,276.21. The Administrator noted that she was projecting total expenses for FY 2010 at \$470,403, resulting in a total draw-down in reserves of \$56,688. **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 she had hosted Pat Purdy, barley producer from Picabo for lunch in Boise on June 4 for a total of \$23.64. **A motion was made by Commissioner Ron Elkin, and seconded, to approve the hosted meal for a total of \$23.64. The motion carried 4-0.**

Distribution of IBC grower lists - The Administrator recapped recent discussion on how to handle the request received from J.D. Heiskell, Wendell, for grower lists for several south-central Idaho counties in order to encourage more feed barley to supply their Gooding feed mill (recently purchased from Land O'Lakes). After thorough discussion it was decided to stand by the board's earlier decision to offer to provide our lists to a third party mailing service designated by J.D. Heiskell. The Administrator was encouraged to continue outreach with this company to determine feasible ways to stimulate more feed barley production in south-central region to supply their feed ingredient needs.

V. IBC Research

New food barley variety releases from ARS Aberdeen – The Administrator reported that Dr. Don Obert, ARS Aberdeen barley breeder, has released two high beta-glucan food barley varieties (both waxy hulless) this year:

HBG-101 – average yield of 67 bu/Ac and bg content of 9.9%

HBG-102 – average yield of 78.4 bu/Ac and bg content of 6.8%.

There was discussion on the lower yield potential expected from these waxy hulless lines which can be attributed to loss of hull (about 15% by weight) and some drag in stand establishment that has been experienced with hulless barleys in general. These yield projections are slightly lower than comparable yield of WestBed's BG 102 waxy hulless yield which is currently being grown in southern ID under contract by a major U.S. food manufacturer.

Status of Oregon State University's winter food barley breeding program and FY 2011 funding request – Dr. Patrick Hayes, OSU barley breeder joined the IBC board meeting by telephone. Dr. Hayes recapped the progress in developing new winter food barley lines – five lines have been selected for further agronomic testing and evaluation in regional nurseries in Oregon and Idaho. IBC cost-share funding has totaled \$19,000 in each of the past two fiscal years. Dr. Hayes also summarized research being conducted by OSU cereal chemist Dr. Andrew Ross in blending barley flour (20 to 50% of the blend) for artisan type bread products. Due to anticipated budget constraints in FY 2011, the Administrator had worked closely with Dr. Hayes in recent weeks to streamline OSU's funding proposal for FY 2011, which totaled \$10,550. The board reviewed various elements of the OSU request and concluded the IBC would not be interested in funding the yield trial at Hermiston, OR and would like to see the proposed yield trial at Pullman, WA, shifted to Genesee, ID (conducted by WSU). The revised budget proposal was \$8,450, which included eliminating a proposed yield trial by Dr. Juliet Windes, UI (testing could be adequately covered at no cost by Dr. Don Obert, ARS at Aberdeen station). The IBC board felt it was critical to maintain a minimal commitment in order to keep the momentum moving forward in the development of one or more commercially viable winter food barley varieties. The final FY 2011 IBC budget includes funding in the amount of \$8,450 for OSU winter food barley variety breeding.

FY 2011 cost share funding request for Washington State University's mutation breeding for herbicide resistance in barley – The Administrator reviewed a funding recommendation that she had developed in close collaboration with Dr. Steve Ullrich, WSU barley breeder, and District I commissioner Dan Mader in the amount of \$3,500 (down from \$5,000 in FY 2010). The Administrator provided a brief status report on the progress in developing viable mutants and back-crossing these mutants into agronomically competitive feed barleys (Bob, Baronesse and Champion). She reported that the Washington Grains Commission has had to scale back its annual funding commitment to WSU barley breeding research due to sharply declining barley acres in Washington State. Dr. Ullrich indicated in recent communications that he will have to scale back the herbicide resistance breeding effort which means no more screening for viable mutants but that he will focus his resources on

aggressive back-crossing to help speed up the variety release process. The best case scenario is a variety release in about 3 to 4 years. The final FY 2011 IBC budget includes funding in the amount of \$3,500 for the WSU mutation breeding for herbicide resistance in barley.

Revised UI proposal on winter malt barley tolerance to Define and Axiom herbicides – The board considered a revised proposal to evaluate winter malt barley tolerance to new herbicides that are approved to control grass problems in winter wheat. In March the IBC approved a proposal for north Idaho testing only in the amount of \$2,415, but had requested a revised proposal to expand this testing effort to southern Idaho. The revised proposal was for \$14,400. The board requested more detailed break-down on how these funds would be spent. Further discussion was deferred until the next day (June 8) in order to gather additional information. Dr. Joan Campbell joined the board meeting by telephone on Tuesday morning to provide a break-down on how the \$14,400 would be spent and answered questions. The final FY 2011 IBC budget includes funding in the amount of \$2,415 for the original proposal that was presented in March. Due to budget constraints, expansion of these evaluations to southern Idaho will need to be deferred until a future year.

UI funding request for continued operation of Tetonia Research and Extension Center – The Administrator reviewed a proposal submitted by Dr. Donn Thill that morning (June 7) to support FY 2011 operations of the Tetonia Research & Extension Center. Chairman Dwight Little provided background on the revised operational plan that had been drawn up at the May 18 strategic planning session that he and the administrator participated in at UI Aberdeen. Dwight indicated strong support from growers in his region for continued operation of the Tetonia station. The request to the IBC was for \$15,256. The final FY 2011 IBC budget includes funding in the amount of \$15,000 for continued operation of Tetonia Research and Extension Center.

VI. IBC Market Development

U.S. Grains Council (USGC) programs – Commissioner Dan Mader introduced Dan Fast, secretary of the U.S. Grains Council board of directors and member of the Montana Wheat and Barley Committee. Don provided a detailed report on current USGC barley market development efforts and the proposed barley programs in FY 2011. These include:

- Ongoing feed/food barley trade servicing in Japan (annual producer mission to Japan and annual trade team visit from Japan).
- Specific food barley initiatives in Japan and Taiwan.
- Malting barley samples to China.
- New malting barley promotion with breweries in Dominican Republic, Guatemala and Nicaragua.

Don Fast noted positive changes that had been implemented at the Council in terms of planning and staffing, which he attributed to the high energy of the new CEO Thomas Dorr. He also noted that more focus will be placed on passage of the Colombia Free Trade Agreement. The Council has hired Floyd Gabler, former USDA assistant undersecretary, to handle trade policy initiatives. Don requested that the IBC continue funding the US Grains Council in the amount of \$34,000. The final FY 2011 IBC budget includes funding of the USGC in the amount of \$34,000, the same as FY 2010.

Japanese barley trade team visit in August 2010 - The Administrator reviewed a tentative schedule – arrive Lewiston, ID on Sunday, August 1 and depart Tuesday, August 3 early am. IBC and Washington Grains Commission will co-host this team as in previous years. The focus will be on both feed and food barley.

Dominican Republic brewery trade team visit to North Dakota and Montana on June 6-12, 2010 - The Administrator briefed the board on a visit sponsored by the U.S. Grains Council to investigate direct malting barley contracts rather than purchasing malt. The Administrator and Industry Representative Clay Kaasa expressed reservations about this new approach of encouraging direct malting barley contracts with customers in markets that have no malt processing capacity of their own. There is an impression that these brewing customers can somehow procure barley cheaper on their own and have it toll malted somewhere (U.S. or Canada) cheaper than they can purchase U.S. malt directly. Clay disputed this thinking. The board visited with Amy Germershausen with Malteurop in Milwaukee, by telephone on Tuesday morning about Malteurop's concerns with the Council's approach. Malteurop is a current malt supplier to the Dominican brewery so they have a lot at stake. Amy urged the Council's barley members to take a more unified (barley and malt) and strategic approach to these Latin American export market development efforts.

National Barley Foods Council / FY 2011 proposal – Commissioner Dan Mader reported on the National Barley Food Council's current activities and their proposed FY 2011 budget. Dan chaired his final NBFC meeting in Spokane on June 1. The IBC thanked Dan for his strong leadership in steering the NBFC in recent years and his efforts to expand focus on industry partnership. Dan reported that the NBFC approved sponsorship of a proposed Food Barley Workshop next April or May at the Wheat Marketing Center (this is a proposal developed by the IBC in cooperation with Drs. Pat Hayes and Andrew Ross at Oregon State University). The final FY 2011 IBC budget includes funding of the NBFC in the amount of \$10,000, the same as FY 2010. Joe Anderson inquired about NBFC's use of social media tools such as Facebook and Twitter.

Food barley market developments – Commissioner Dan Mader summarized exciting developments in creating new markets for high beta-glucan barley, including contract production by a major U.S. food manufacturer in southern Idaho with Evans Grain in Burley and Scoular Grain in Grace. Dan also outlined the proposed U.S. Barley Foods Workshop that will be held next spring at the Wheat Marketing Center in Portland, OR. The goal of this one-day workshop is to continue building a dialogue with U.S. food manufacturers on the benefits of incorporating barley as a food ingredient in traditional and nontraditional grain-based products, including breads, bagels, tortillas, cereals, snack bars, etc.

Proposed barley fractionation/ethanol plant in Caldwell, ID – The Administrator recapped efforts during the past year to connect Montana Microbial Products with the Simplot Co. on a proposed retrofit of the now defunct potato waste ethanol plant in Caldwell, ID, into a barley fractionation /ethanol plant. MPP's patented barley fractionation and protein concentration technology will allow production of a highly concentrated protein product (min. 59% protein) that can be formulated into trout and salmon feed pellets. This patented technology will produce a concentrate that is higher percent protein than any other plant based product on the market today. Clifford Bradley with MPP in Butte, MT, joined the IBC meeting by telephone on Monday afternoon to discuss the status of the proposed joint venture with the Simplot Co. Cliff reported that representatives of the Simplot Co. met with he and his partner in Butte the previous week and that there appears to be a viable joint venture proposal on the table (Simplot would provide the existing land and ethanol plant and MPP would need to raise about \$5-6 million for retrofit construction costs), but a few possible deal-breaker issues remain to be resolved. Cliff said that MPP expected a reply from Simplot in the next couple weeks. In the event that Caldwell project becomes viable, MPP has requested funding support from the IBC to conduct an independent feasibility study that is required for MPP to apply for USDA rural development business loan guarantee that is essential for them to raise the private equity that they need for the retrofit. They have a bid from a qualified consulting firm in the amount of \$36,000. The board deferred any action on this funding request until more is known about the outcome of continuing negotiations between MPP and the Simplot Co. If the Caldwell retrofit

does not ultimately prove to be viable, MPP plans to push ahead with a proposed new construction in northern Montana.

Northern Idaho barley production and market trends - Sam White, PNW Farmers Cooperative, joined the IBC meeting to discuss recent barley production trends in northern Idaho and possible strategic opportunities to expand barley production in the future. Sam reported that he was continuing to work with Itochu on food barley sales to Japan and that he felt that it was likely production contract opportunities would resume next year as they continue to resolve SBS food barley import issues on the Japanese side.

VII. IBC Grower Services / Outreach

National Barley Growers Association (NBGA) – Chairman Dwight Little reported on the summer NBGA board meeting scheduled June 21-23 in Denver/Golden, CO. He reviewed the meeting agenda and also commented on the House Agriculture Committee's farm bill hearing he attended on May 1 in Nampa.

Barley crop insurance developments - Commissioner Dan Mader inquired about the status of barley crop insurance issues. The Administrator provided a thorough review of changes in the yield and revenue policies beginning in 2011 (known as the Combo rulemaking that was finalized in April 2010). She emphasized that significant challenges remain in helping RMA develop a reasonable mechanism to derive a feed barley price guarantee for the revenue policy. She was continuing to work with other barley staff (Lola Raska, MT; Steve Edwardson, ND; and Scott Heisel, AMBA) on compiling and submitting pricing data to the RMA rating staff in Kansas City. RMA regional director Dave Paul has been very helpful in this effort. The Administrator also reported on the release of the new Specialty Type barley insurance that is a big improvement for many growers who want to insure malting and food barley at actual contract values. The Idaho Barley Commission with input from Randy Neiworth and Craig Corbett has been working directly with RMA on this new policy since 2006. She noted that when the policy was announced in early February we immediately noticed a glitch that would prevent many growers who have both contract and open market production from participating because of a limit of no more than 110% of contract acres. We have already begun to work with RMA on fixes but unfortunately the soonest we will see any changes will be 2012. In closing, the Administrator noted that while improvements have been made in barley crop insurance coverage, particularly for value added barleys, there was still much work to be done.

IGPA report/ FY 2011 budget request – IGPA Executive Director Travis Jones provided a recap of the IGPA's funding request for FY 2011 (same as FY 2010) and a recap of major state legislative and federal issues that IGPA has been engaged in this year, including:

- **2012 Farm Bill** – IGPA President Scott Brown testified before the House Agriculture Committee's field hearing held May 1 in Nampa.
- **Transportation** – IGPA members Wayne Hurst (NAWG Vice President) and Robert Blair participated in Rail Customer Day on Capitol Hill on May 5. Travis also noted that Tidewater barge has announced they will implement a 7.5% surcharge on barge movements beginning in July in anticipation of the 4-month Columbia River closure beginning in December.
- **Industry partnership /beer taxes** – IGPA has forged a closer working relationship with Anheuser Busch and MillerCoors in order to fight proposed beer tax increases. Travis noted that he had been working closely with small brewers on federal legislation to lower beer excise taxes on small brewers. Senator Crapo was an original co-sponsor of new legislation in the Senate.
- **National Barley Growers Association** – IGPA President Scott Brown is currently serving as NBGA vice president and will assume the presidency in summer 2011.

- **Barley assessment** – IGPA continues to consult closely with the IBC board on proposed legislation to raise the Idaho barley assessment (potential legislation in 2011 Idaho legislative session).
- **Research** – IGPA is working through its various ag organizations to address the decline in state general funds allocated to UI CALS. IGPA needs to hear from the barley and wheat commissions on research funding concerns.
- **2010 OR-ID Grains Convention** – scheduled Dec. 1-3 in Portland. Planning is progressing on schedule. Travis invited input on topics, speakers and sponsors.

Transportation report – Terry Whiteside with Whiteside & Associates in Billings, MT joined the IBC board meeting by telephone to report on the status of rail competitive legislation pending in the U.S. Senate.

The IBC meeting was recessed at 5:20 p.m. A dinner honoring Commissioner Dan Mader's six years service to the Idaho Barley Commission was held that evening.

June 8, 2010

Roll Call – Chairman Ron Elkin called the IBC meeting back to order at 9:20 a.m. on Tuesday, June 8, 2010, at the PNW Farmers Cooperative office in Genesee, ID. **Attendees included:**

Dwight Little, Chairman
 Dan Mader, District I Commissioner
 Ron Elkin, District II Commissioner
 Clay Kaasa, Industry Representative
 Kelly Olson, Administrator
 Andi Woolf, Project Coordinator/Fiscal Officer

Guests included: Vince Mathews, State Director, USDA IASS, Boise. Joining the board by telephone were Dr. Joan Campbell, UI weed scientist, Moscow and Amy Germershausen, Malteurop, Milwaukee, WI.

Grower Services continued -

IBC grower outreach – The Administrator reported on three proposed outreach efforts in eastern Idaho this summer: field day in Grace on July 27 (in conjunction with Soda Springs field day), Ashton field day on July 28 and possible Mud Lake grower barbecue on July 28. The board approved these outreach activities.

IBC publications/ communications – the Administrator reviewed the publication plans for 2011, including print newsletter (2 issues/year at a cost of \$320/page), electronic newsletter (monthly / no cost) and Idaho Grain magazine (three issues/year at a cost of \$1,250/page). She and the Project Coordinator noted that they were planning to undertake a major overhaul of the IBC website which will involve purchasing new software (Adobe's Dreamweaver).

Risk management education – The Administrator reported on the \$12,000 competitive grant the IBC was recently awarded by the Western Center for Risk Management Education. Funding will be used for:

- (1) **Series of at least four advanced training**, using various live and web-based workshop formats, focusing on: grain marketing and malting barley pricing options; barley crop insurance; managing production costs; and improving on-farm energy efficiencies.
- (2) Develop and implement **estate and business succession planning workshops** in Grangeville and Genesee (led by UI Lewis County Extension Educator Ken Hart).

- (3) Create and distribute a **new Idaho Grain Market Advisory Service** that tracks and reports current real-time grain market/price trends (both fundamental and technical) and extrapolate to specific Idaho grain crops and markets. We anticipate this service will be offered for free to producers through-out the state for a trial 3-5 month period and then transitioned to a subscription fee service. This new project will be subcontracted with Craig Corbett.
- (4) Disseminate current grain market outlook and analysis.

VIII. Other / Calendar

Delegate position on U.S. Grains Council – A decision was made to shift Commissioner Ron Elkin from his current position on the National Barley Improvement Committee to the delegate position on the U.S. Grains Council. Ron will determine whether he is able to attend the July membership meeting in Boston due to his harvest commitments.

Travel Authorizations – One out-of-state travel request was reviewed. **A motion was made by Commissioner Ron Elkin, and seconded, to approve travel for the Administrator to participate in U.S. Grains Council summer board meeting on July 17-21, 2010 in Boston, MA. The motion carried 4-0.**

IX. IBC FY 2011 Budget

Income Projection – A motion was made by Industry Representative Clay Kaasa, and seconded, to approve an income projection for FY 2011 of \$370,000. The motion carried 4-0.

Expenses - Discussion ensued on expense detail by major category. IBC board members acknowledged that the proposed FY 2011 budget included an aggressive spending plan compared to the projected income with a sizeable draw-down in reserves. This approach will require the board to move ahead with legislation in early 2011 to raise the Idaho barley assessment. Chairman Dwight Little was asked to discuss this strategy with the Idaho Grain Producers Association executive board at their upcoming meeting in Soda Springs. If a barley assessment increase is not implemented in 2011 and income continues falling, the IBC will be facing serious budget cut backs in FY 2012.

FY 2011 expense breakdown:

Administration - \$84,863

Research - \$101,088 [reduced Tetonia Center funding by \$7,500 to adjust for difference between calendar year request and IBC fiscal year]

Market Development - \$97,515

Industry Partnership/Grower Services - \$111,768

Information/Education - \$46,677

Final FY 2011 budget – A motion was made by Industry Representative Clay Kaasa, and seconded, to approve a final FY 2011 budget of \$441,911, with an anticipated draw-down of reserves of \$71,911. The motion carried 4-0.

A final motion was made by Commissioner Dan Mader, and seconded, to approve all acts and transactions of the June 7-8, 2010 IBC 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
JUNE 7-8, 2010, GENESEE, ID
MOTIONS PASSED**

1. A motion was made by Commissioner Ron Elkin, and seconded, to approve the minutes for the March 2, 2010 IBC meeting as presented. The motion carried 4-0.
2. A motion was made by Commissioner Dan Mader, and seconded, to approve the IBC financial report as presented. The motion carried 4-0.
3. A motion was made by Commissioner Ron Elkin, and seconded, to approve the hosted meal for a total of \$23.64. The motion carried 4-0.
4. A motion was made by Commissioner Ron Elkin, and seconded, to approve travel for the Administrator to participate in U.S. Grains Council summer board meeting on July 17-21, 2010 in Boston, MA. The motion carried 4-0.
5. A motion was made by Industry Representative Clay Kaasa, and seconded, to approve an income projection for FY 2011 of \$370,000. The motion carried 4-0.
6. A motion was made by Industry Representative Clay Kaasa, and seconded, to approve a final FY 2011 budget of \$441,911, with an anticipated draw-down of reserves of \$71,911. The motion carried 4-0.
7. A final motion was made by Commissioner Dan Mader, and seconded, to approve all acts and transactions of the June 7-8, 2010 IBC meeting. The motion carried 4-0.