

**IDAHO BARLEY COMMISSION
MEETING MINUTES
JUNE 15-16, 2011, BONNERS FERRY, ID**

I. Roll Call – Chairman Ron Elkin called the IBC meeting to order at 9:00 a.m. on Wednesday, June 15, 2011, at the Boundary County Extension Office in Bonners Ferry, ID.

Attendees included:

Ron Elkin, Chairman
Tim Dillin, District I Commissioner
Dwight Little, District III Commissioner
Clay Kaasa, Industry Representative
Kelly Olson, Administrator
Andi Woolf, Project Coordination / Fiscal Officer

Guests included: Joe Anderson, IGPA Vice President, Genesee; Scott Brown, IGPA past president and NBGA Vice President, Soda Springs; and Jennifer Jensen, Boundary County Extension Educator, Bonners Ferry.

II. IBC Meeting Minutes

The minutes from the IBC's March 4, 2011 were reviewed. **A motion was made by Commissioner Tim Dillin, and seconded, to approve the minutes for the March 4, 2011 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, 2011, showing check-off receipts totaling \$327,270.90, which are \$7.21 lower than for the same period last year. The Administrator projected cumulative receipts for FY 2011 will total about \$359,000, which will be about \$18,750 short of the budgeted amount for the year. She then reviewed the IBC's balance sheet and income statement, showing assets at \$525,645.98; total income to date at \$333,355.41, which is 90.3% of the budgeted amount for the year; and expenses at \$371,818.64, which is 79.7% of the budgeted amount. Total year expenditures are projected at \$408,396, which is under the approved budget of \$430,056. The Administration reported there were no additional line item expenditures that were above the approved budget that needed the board's attention. **A motion was made by Commissioner Dwight Little, and seconded, to approve the IBC financial report as presented. The motion carried 4-0.**

IV. IBC Administration

2011 acreage projection – The board reviewed confidential information on 2011 malting barley contracts and NASS prospective planting projections (March 31, 2011) which peg barley acres in Idaho at 500,000 (harvested acres at 480,000) which is an increase of 2% from 2010.

IBC per diem and mileage reimbursement – The Administration reviewed current policy and suggested the IBC might want to change how they reimburse in-state meals, moving from \$35/day rate (pro-rated depending on time of travel and hosted meals) to the same reimbursement rate as the U.S. General Services Administration which is the rate we use for out-of-state travel. The board decided to maintain the current reimbursement policy.

Idaho Barley All Stars Award – The Administrator explained a board recommendation to

present the IBC's second Idaho Barley All Stars Award to the USDA Risk Management Agency's Spokane Regional Office for their significant contributions to improving barley crop insurance products. Commissioners and Industry Representative Clay Kaasa noted that the RMA Spokane office has led several efforts in recent years to make barley crop insurance work better for Idaho producers, particularly their efforts this year to improve the formula for calculating the barley price guarantee. **A motion was made by Commissioner Dwight Little, and seconded, to present an Idaho Barley All Stars Award to the USDA Risk Management Agency Spokane Regional Office and make a scholarship contribution to the Leadership Idaho Agriculture program in their name. The motion carried 4-0.**

Calendar / Travel Authorizations – The board reviewed the calendar for summer field days and national board meetings in June and July (National Barley Growers Association on June 20-21 in Great Falls and US Grains Council on July 25-27 in San Francisco). There were no new travel authorizations presented.

V. IBC Program Review

U.S. malting and brewing industry report – Industry Representative Clay Kaasa gave an excellent overview of current market conditions in the domestic beer industry, noting that overall sales continue to slide, but craft beer sales are up 15% so far this year after increasing 9% last year. Clay noted that some of the major global brewers are likely to be short of malt this coming year due to short-sighted purchasing decisions they have made this past year.

U.S. Grains Council report – Chairman Ron Elkin reviewed a report from the U.S. Grains Council on current export market development activities for barley, including malting barley and malt promotions in Central America and food barley marketing programs in Japan and Taiwan. He also reviewed a letter from Tom Sleight, US Grains Council's Vice President of Operations and Membership, requesting funding support in FY 2012. The Administrator emphasized that she felt the Council has responded favorably to input from the IBC and has begun retooling its malting barley work in Central America to focus more on malt, which makes more sense since breweries in these target markets do not have in-country malt processing capacity. The emphasis on food barley in Asia also is a positive development, given declining US feed barley production and a lack of participation by U.S. barley exporters in ongoing Japanese SBS feed barley tenders.

The Administrator presented her budget proposal for US Grains Council for FY 2012 which would provide "core" funding of \$25,000 and a new special projects fund to be managed directly by the IBC in the amount of \$9,000 to address emerging opportunities in Asia and Latin America. Under this plan, total export market development funding would remain steady at \$34,000.

National Barley Growers Association report – Commissioner Dwight Little reported on the NBGA summer board meeting which will be held on June 20-21 in Great Falls and his desire to see more focus on farm bill discussions at these meetings. Considerable discussion ensued on farm bill priorities and concerns about attempts to cut current farm bill commitments and vital agricultural research funding in the current effort to reduce federal budget deficits.

Scott Brown, who will be elected NBGA president at the June meeting, stressed that he will be pro-active in seeking broad grower and board member input on the 2012 Farm Bill and current federal budgetary debate. Scott reported that he has been working with Travis Jones (IGPA) who will manage the NBGA office for the next two years, on ways to improve this grower and state organization outreach effort. Both Dwight and Scott expressed some concern about declining NBGA budgetary resources which might necessitate his request for special project

funding from the IBC to ensure that Scott has the travel resources to visit Washington, D.C. to provide input on farm bill and budget deliberations. The Administrator noted that the NBGA's draft budget for FY 2012 included \$16,000 in travel which should be sufficient to meet his immediate needs, but Scott will likely need to scale back some of the sponsored travel for other NBGA board members who have participated in trade policy and other issues in the past. The IBC left the door open to provide additional resources to support Scott Brown's work as NBGA president during the next two years. **Idaho dues in the NBGA in FY 2012 will be \$25,365, an increase of \$1,186.** These dues are calculated by a formula using a five-year Olympic average production times \$550 per million bushels.

Idaho Grain Producers Association report – IGPA Vice President Joe Anderson, Genesee, presented the IGPA's FY 2012 budget, which includes \$52,000 for ongoing IGPA operations including one-half of NBGA dues, \$7,500 support for three issues of the *Idaho Grain* magazine and \$2,500 support for the annual grower convention. Joe also made a presentation on a proposal for Idaho grain to participate in the new Agriculture Pavilion being planned as part of the Julia Davis Park expansion now underway in Boise. The IGPA is inviting both the barley and wheat commissions to help sponsor an Idaho grain paving stone and information exhibit. Joe reported that he thought the Idaho Wheat Commission had approved \$20,000 at their budget meeting in late May. The IBC board encouraged IGPA to work with the wheat commission on making this an "Idaho Grain" component. The IBC declined any additional funding support.

Joe Anderson also reported on the 2011 tri-state convention and noted that Idaho and Oregon had allocated its reserve fund from the 2010 convention to support the "enhanced speaker" account. He explained the arrangement that IGPA agreed to this year to allocate 80% of any convention profit to the Washington Assoc. of Wheat Growers, 10% each to IGPA and Oregon Wheat Growers League. He indicated at this time that there did not appear to be any time on the program for a barley break-out workshop. IBC board members strongly encouraged IGPA to work with their partners on finding time for a barley break-out in light of the substantial sponsorships provided by MillerCoors and Anheuser Busch.

Trade Policy – The Administrator noted that Congress will likely vote on bills this summer, possibly before the August recess, to enact the three pending bilateral trade deals with Colombia, Panama and South Korea that were negotiated several years ago by then President George Bush (Colombia deal signed on April 12, 2006, Panama deal on December 19, 2006 and the South Korean deal on April 1, 2007). Unfortunately the political climate in the House before the 2010 election was not conducive to passing free trade legislation because of the strong domination of labor unions which generally oppose these trade deals. The Obama administration, however, has made trade expansion a priority of their economic recovery strategy and has worked on new provisions to the South Korean trade deal to make it more politically palatable to U.S. industry, particularly auto manufacturers. A beef agreement has yet to be negotiated but the Administration has made a commitment that this will remain a high priority. To ease passage of the Colombia - US free trade pact, the Administration negotiated new labor concessions from Colombia in recent months. It was noted that the trade bills have been delayed recently by a disagreement over including re-authorization for Trade Adjustment Assistance (TAA) which House Republicans have opposed.

The Administrator noted that both the Colombia and South Korean trade deals have the potential to deliver important benefits to the U.S. barley industry:

- Colombia-U.S. Free Trade pact will provide duty-free access for U.S. malting barley and malt, compared to current tariffs as high as 80%.
- South Korea-U.S. Free Trade pact will establish a duty-free quota for 9,000 metric tons of malting barley and malt and 2,500 tons of food barley, compared to current tariffs as high as

300%.

Barley crop insurance developments & risk management education – The Administrator reported on the successful outcome of the IBC's efforts to improve the feed barley price guarantee calculation for 2011 spring barley insurance. Based on the intensive efforts of the IBC, AMBA and the **two Risk Management Agency regional offices in Spokane and Billings**, we were successful in changing the conversion factor from .854 to .919, which is applied to the average of the daily closing price of the CBOT Sept. 2011 corn futures contract traded during the month of February. **This resulted in a feed barley price guarantee of \$5.93/bu in 2011, which is a gain of \$.45/bu from the old calculation method.**

The Administrator reported that IBC was wrapping up its 2011 risk management education program, which has reached more than 1,000 viewers in seven webinars stretching from September 14 through March 9 and more than 100 participants at live workshops held at six locations in southern and eastern Idaho from December through March. **She announced that the IBC has been awarded a 9th year of grant funding from the Western Center for Risk Management Education (\$15,000 in FY 2012)** to support local training sessions in at least four southern/eastern Idaho locations (Jerome, Burley, Pocatello and Rexburg) and three north Idaho locations (Craigmont, Genesee, Coeur d'Alene) and continuation of webinars covering a wide range of production and marketing topics.

Update on re-filling vacant ARS barley/oat breeder position at the National Small Grains Germplasm Research Facility in Aberdeen, ID - The Administrator reported that the ARS headquarters had given the ARS Aberdeen location the go-ahead to advertise the vacant barley/oat breeder position which took place in early May. The position recruitment process ended June 6 and the ARS Research Leader hopes to have a pool of qualified candidates to interview by late July or early August. The Administrator has been asked to serve on the interview/selection committee, along with Dr. Mike Davis, AMBA; Jay Romsa, General Mills; Dr. Juliet Marshall, cereal cropping management specialist, UI; Dr. Erick Jackson, research geneticist, ARS Aberdeen; and Dr. Mike Bonman, Research Leader, ARS Aberdeen.

North American Barley Research Workshop - The Administrator and Industry Representative Clay Kaasa reported on the North American Barley Research Workshop they attended June 6-8 at Oregon State University in Corvallis, OR. This major barley research conference is held every three years and rotates between U.S. and Canadian host sites/institutions. The ARS Aberdeen program hosted this conference in Idaho Falls in 1999. The next conference is likely to be hosted by the University of Minnesota in summer 2014. This year's event had a heavy focus on barley genomics/genetic mapping. Two private malting barley breeders from MillerCoors (Bob Brunick) and Busch Ag (Josh Butler) gave excellent presentations with a more practical focus on their approaches to speeding up the malting barley variety commercialization process. Industry Representative Clay Kaasa noted that he particularly enjoyed the tour of the OSU winter barley breeding nursery which featured some excellent winter malting and food barley experimental lines in the OSU breeding program as well as some promising European malting barley lines.

Regional barley research coordination – The Administrator reported that the IBC needed to give Washington Grains Commission some guidance on an appropriate time to meet to discuss a more coordinated regional approach to barley breeding. She noted that the WGC had contacted us in February about an immediate meeting to discuss this issue in light of Dr. Steve Ullrich's retirement from Washington State University. In early March the IBC board determined it would be best to delay this regional discussion until the ARS barley breeder position could be sorted out. Now that this position recruitment is well underway with a projected start date for the new breeder in the fall 2011, the board felt that a meeting could be scheduled at the convenience of the three PNW states and Montana. The board agreed that a

meeting during the tri-state convention in mid November in Spokane would be the preferred date. If that does not work for the parties involved, then it was suggested that the other states

be invited to join the IBC during its next quarterly commission meeting in mid to late October at the ARS facility in Aberdeen.

T-CAP barley and wheat germplasm development for climate change – The Administrator provided highlights of the new five year, \$25 million competitive research grant awarded to a collaborative team of 56 barley and wheat researchers at 28 institutions across the U.S., including both the USDA ARS and University of Idaho barley and wheat breeding programs at Aberdeen, ID, to conduct both basic and applied research to improve barley and wheat germplasm for changing environments. This team of scientists will utilize the latest genetic mapping and sequencing techniques to intensely focus on improving yields, water and nitrogen efficiency and resistance to major diseases, including the emerging threat of new and virulent races of stem rust.

The Idaho scientists will screen the water and nitrogen-use efficiency of 3,000 barley and wheat lines that comprise the USDA ARS National Small Grains Collection housed at Aberdeen. The IBC Administrator serves on the industry liaison committee for this T-CAP germplasm research grant.

VI. IBC Strategic Initiatives

The Administrator reviewed a comprehensive report she had prepared for the board summarizing recently completed and proposed work under the IBC's portfolio of strategic initiatives in the areas of (1) food barley development; (2) malting barley for export; (3) specialty feed barley; and (4) winter barley development.

Food Barley Initiative -

- **Food Barley Supply Chain** – The Administrator reviewed a food barley supply chain schematic she drafted while attending the barley research conference in Corvallis to demonstrate that there are weaknesses in several points along a food barley supply chain, not just a lack of attention by food manufacturers as stated by some of the barley breeders attending the research conference. Food manufacturers point to a lack of a functioning supply chain as the major deterrent to more barley utilization.
- **National Barley Foods Council's FY 2012 budget request** – The Administrator and Commissioner Tim Dillin reviewed the proposal of the National Barley Foods Council, which is basically a continuation of existing work on the barleyfoods.org website, development and release of new recipes using pearled barley and networking with nutritional experts. The Administrator said she was reluctant to reduce our funding support for the NBFC as Idaho has remained one of the stalwart funding partners, however she did not feel that the Council was achieving its goal of expanding food barley utilization in the domestic food market. The Administrator noted that the USDA had released new nutrition guidelines based on what Americans should be consuming daily in terms of fruits, vegetables, grains, protein and dairy. These daily food plate recommendations (choosemyplate.gov) replace the old food pyramid. There still is a major focus on whole grain consumption.

The Administrator presented her budget proposal for National Barley Foods Council for FY 2012 which would provide "core" funding of \$5,000 and a new special projects fund to be managed directly by the IBC of \$5,000 to sponsor a research and development tour of major U.S. cereal food manufacturers (explained in more detail below). Under this plan, total domestic food barley market development funding would remain steady at \$10,000.

- **International market** – Commissioner Tim Dillin emphasized that the last U.S. barley mission to Japan identified food barley as the main focus going forward. Opportunities also exist in Taiwan but the US Grains Council needs to revise its strategies, which it is currently

doing, to effectively position U.S. food barley in these Asian markets. The Administrator also noted that the IBC had applied for separate competitive grant funds under the USDA

Federal State Market Improvement Program (FSMIP) to sponsor teams from Japan, Taiwan and South Korea to participate in workshops on food barley product development to be conducted under contract with the Wheat Marketing Center in Portland, with additional assistance from Oregon State University and private consultants. This grant application is pending review by USDA Agricultural Marketing Service.

- **OSU winter food barley research** – FY 2012 research proposal from Drs. Pat Hayes and Andrew Ross to continue work on developing winter food barley varieties adapted to Idaho and the Pacific Northwest. FY 2012 components would include:
 - 2012 variety releases – WintWax (winter 2-row, hulled, waxy starch) and Streaker (winter, 6-row, hullless, regular starch). As a funding partner, IBC will be consulted at every step in the variety release process at Oregon State University.
 - Continued crosses and preliminary yield trials.
 - Elite yield trials will be conducted in 6 locations, with IBC only funding the 3 Idaho locations in Aberdeen, Parma and Genesee.
 - End use evaluations by Dr. Andrew Ross for grain protein, bet-glucan and viscosity.
- **Proposed R&D tour of major food manufacturers** – The Administrator presented a proposal to sponsor a 4-person team, including ARS researchers, to visit major cereal food manufacturers at their headquarters to more fully explore their interests in barley as a cereal food ingredient, their product R&D challenges and constraints and needs in building or expanding a food barley procurement program. The FY 2012 budget request is for \$5,000 in special project funding under the domestic market program.

Export Malting Barley - The Administrator updated the board on CCM contracts (brewing company headquartered in Monterrey, Mexico) in eastern ID in 2011. The board discussed IBC and US Grains Council strategies to expand malting barley and malt sales to brewing companies in Central and South America.

Specialty Feed Barley – The Administrator reviewed ongoing efforts to facilitate research into using barley protein in fish feed. She also reported on the status of the proposed plan by Montana Microbial Products to construct a barley protein fractionation plant in either Idaho or Montana.

Winter Barley Development – The board reviewed a report on 2011 seedings of winter malting barley varieties Charles and Endeavor.

The meeting was recessed at 4:50 p.m. and was rescheduled to resume after 9 a.m. the next day, June 16.

Thursday, June 16, 2011 –

Executive session was held at 7:30 a.m. to discuss personnel performance.

Roll Call – Chairman Ron Elkin called the IBC meeting back to order at 9:10 a.m. on Thursday, June 16, 2011, at the Boundary County Extension Office in Bonners Ferry, ID.

Attendees included:

Ron Elkin, Chairman
Tim Dillin, District I Commissioner
Dwight Little, District III Commissioner
Clay Kaasa, Industry Representative

Kelly Olson, Administrator
Andi Woolf, Project Coordination / Fiscal Officer

Guests included: Scott Brown, IGPA past president and NBGA Vice President, Soda Springs.

Chairman Ron Elkin provided a brief report on updates from the U.S. Grains Council that he received during a very early morning conference call with the Rest of the World Action Team.

VII. IBC FY 2012 Budget

FY 2012 projected income: \$391,755

Check-off receipts - \$385,000
Interest income - \$6,500
Misc. and Market Report - \$255

FY 2012 expenditures: \$429,597

Administration - \$83,556
Research - \$102,963
Market Development - \$90,371
Industry Partnership/Grower Services - \$105,312
Information/Education - \$47,095

Final FY 2012 budget – A motion was made by Commissioner Tim Dillin, and seconded, to approve a final FY 2012 income projection of \$391,755; budget of \$429,597, with an anticipated draw-down of reserves of \$37,842. The motion carried 4-0.

A final motion was made by Industry Representative Clay Kaasa, and seconded, to approve all acts and transactions of the June 15-16, 2011 IBC meeting. The motion carried 4-0.

With no other business, the IBC meeting was adjourned by Chairman Ron Elkin at 11:05 a.m .

Ron Elkin, Chairman

Date

**IBC MEETING
JUNE 15-16, 2011
MOTIONS PASSED**

1. A motion was made by Commissioner Tim Dillin, and seconded, to approve the minutes for the March 4, 2011 IBC meeting as presented. The motion carried 4-0.
2. A motion was made by Commissioner Dwight Little, and seconded, to approve the IBC financial report as presented. The motion carried 4-0.
3. A motion was made by Commissioner Dwight Little, and seconded, to present an Idaho Barley All Stars Award to the USDA Risk Management Agency Spokane Regional Office and make scholarship contribution to the Leadership Idaho Agriculture program in their name. The motion carried 4-0.
4. A motion was made by Commissioner Tim Dillin, and seconded, to approve a final FY 2012 income projection of 391,755; budget of \$429,597, with an anticipated draw-down of reserves of \$37,842. The motion carried 4-0.
5. A final motion was made by Industry Representative Clay Kaasa, and seconded, to approve all acts and transactions of the June 15-16, 2011 IBC meeting. The motion carried 4-0.