

**IDAHO BARLEY COMMISSION  
MEETING MINUTES  
OCTOBER 27, 2009, TROST FEED & SEED  
ST. ANTHONY, ID**

**I. Roll Call** – Chairman Ron Elkin called the IBC meeting to order at 8:45 a.m. on Tuesday, October 27, 2009, at the office of Trost Feed & Seed in St. Anthony, 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: Matt Gellings, IGPA executive board member, Idaho Falls; Wade Trost, owner, Trost Feed & Seed, St. Anthony; Gary Fuhrihan, Idaho Farm Bureau Federation, Pocatello; Vince Mathews, director of Idaho Ag Statistics Service, Boise; Dr. Don Obert and Dr. Eric Jackson, USDA ARS, Aberdeen; Greg Friberg and Randy Neiwirth, Great Western Malting Co. and Guillermo Francos and Alberto Maynez, FEMSA CCM, Monterrey, Mexico.

**II. IBC Meeting Minutes**

The minutes from the IBC's May 27-28, 2009 meeting were reviewed. **A motion was made by Commissioner Dwight Little, and seconded, to approve the minutes for the May 27-28, 2009 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 October 20, 2009, showing check-off receipts at \$48,588.22, which is more than \$66,000 behind last year's pace, due to the slow pace of new crop malting barley moving into marketing channels. Total income to date was \$51,241.29, which was 12.9% of projected budget; and expenditures were \$118,881.25, representing 27.3% of budget, leaving a net drawdown to date of \$67,639.96. Discussion ensued on revised 2009 barley production estimate and the serious back-up of malting barley that could result in some income being deferred into the next fiscal year. The Administrator discussed two budget line items that were over approved budget: computer services (due to the need to purchase more software updates than had been anticipated) and domestic market promotion (cost overruns with the Women's Fitness Celebration). The Administrator reviewed FY 2009 and FY 2010 budget highlights, including carryover reserves for FY 2009 that were revised upward to \$604,418. **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**

**2009 Idaho barley crop report / 2010 malt contracts** – The Administrator and Industry Representative Clay Kaasa commented on 2009 barley production, now estimated by USDA NASS at 48,450,000 bushels, down 3% from last year. Total harvested acres were 510,000, down 12%. The final acreage estimate represented a 60,000 acre reduction from NASS' August projection. Vince Mathews, IASS state director, commented on the process NASS uses in their crop production estimates. Mr. Mathews agreed to look into the feasibility of releasing a more timely revision of our annual the Idaho barley variety acreage estimates based on the final

revised statewide acreage. [**Note:** Vince Mathews reported after the meeting that NASS could publish revisions in March rather than waiting until the next July's acreage survey.] The board discussed ongoing brewing and malt company consolidations and implications for future Idaho barley production. The conclusion was that Idaho seemed to be in a more competitive position than other states/regions to meet future domestic and international malting barley needs.

**Guess the Yield Contest winners** – The Administrator provided highlights of the Guess the Yield Contest that was co-sponsored by the IBC, Anheuser Busch, Bayer CropScience and Syngenta during AB's annual grower appreciation barbecue on July 22 in Idaho Falls. The grand prize winner was Steve Tanner, Rigby producer, who guessed 116 bu - the actual Busch malt barley yield average for Bonneville County. Tanner won a guided fishing trip which he is taking on Nov, 4 on the Salmon River. Two consolation prizes were awarded to Robert Butikofer, Idaho Falls; and Jacki Bowles, Driggs, for their guesses of 117 bu. The cost to the IBC for co-sponsoring this activity was \$150.00. The contest appeared to be well received by the participating producers.

**Additional LIA sponsorship request** – The Administrator presented a request for additional LIA sponsorship for Scott Brown for his participation in the 2009/10 LIA program. The IBC had approved a LIA sponsorship budget of \$500, which will be split equally between two barley producers – Scott Brown, Soda Springs; and Pat Purdy, Picabo. IGPA requested that IBC consider additional sponsorship for Scott Brown, recognizing his leadership roles in IGPA and National Barley Growers Association. **A motion was made by Industry Representative Clay Kaasa, and seconded, to approve an additional \$250 LIA sponsorship for Scott Brown (total of \$500). The motion carried 4-0.** [**Note:** The IBC was advised on 11/13/09 that Scott Brown is not participating in the 2009-10 LIA class due to a number of personal scheduling conflicts so the additional sponsorship is nullified for this year.]

**IBC grower outreach** – Commissioner Dwight Little reported on the ongoing grower outreach efforts in eastern ID. Additional outreach was scheduled Oct. 26-29 and Nov. 4 in Idaho Falls, Rexburg, Mud Lake, Tetonia, Blackfoot, Rigby and Picabo. IGPA would be participating in as many of these events as possible, although some conflicts were noted between IGPA meetings and these barley townhall events.

**IBC referendum on future Idaho barley assessment** – The Administrator reported on the final details of the Idaho barley producer referendum vote that was scheduled November 3-13. The producer ballot was reviewed. Referendum results will be certified by the Idaho State Department of Agriculture the week of November 16-20.

**Great Western Malting sale to GrainCorp** – Industry Representative Clay Kaasa (manager of Great Western's Blackfoot operations) reported on the sale of United Malt Holdings, the parent company of Great Western Malting Co., to GrainCorp of Sydney, Australia. Clay felt that this sale was a positive long term development for their Idaho malting barley operations, as the new owner is in the grain business and is committed to making investments in GWM facilities. Greg Friberg, Vancouver, provided additional comments when he joined the IBC meeting after lunch. Greg also commented on current developments and market trends in the international brewing and malting industries.

## ***V. UI CALS Budget Issues / ARS Research Funding Request***

**UI CALS research and extension budget cuts** - The board held a teleconference with UI CALS Dean John Hammel concerning potential impacts of the significant FY 2010 budget cuts facing the University of Idaho College of Agricultural and Life Sciences' research and extension

programs. Dr. Hammel provided an excellent overview of the FY 2010 and projected FY 2011 budget cuts in research and extension and steps being taken by UI leadership to meet these cuts. FY 2010 budget reduction now totals \$4.7 million (\$3.2 million cuts approved by the 2009 Idaho Legislature and \$1.5 million holdback announced by Governor Otter this fall). Cuts that have been implemented by CALS include eliminating most vacant staff and faculty positions, cutting travel budgets by 25%, and cutting graduate student stipends by 50%. A detailed discussion ensued on the potential impacts of the proposed closure of the Tetonia Research and Extension Center on cereal and potato variety research and a proposal by CALS to keep the Tetonia station open through June 2009 if industry commits a minimum of \$125,000 in private funding (industry commitment must be made by mid November). Dr. Don Obert, ARS Aberdeen, explained the importance of the Tetonia station to his barley breeding program but felt that adjustments could be made to offset the potential station closure. The Administrator noted that the entire spring barley foundation seed program has been located at Tetonia so discussion would need to take place immediately with UI CALS on alternative locations for the spring barley foundation seed program. She noted that she had initiated contact with Kathy Stewart Williams who manages the CALS foundation seed program. Kathy indicated that it would be very difficult to find suitable land at Aberdeen and Kimberly to replace the Tetonia seed program. The IBC board deferred any final decision on providing cost share funding to keep the Tetonia station operating through summer 2009, pending (1) final decisions from wheat (IWC has declined funding support) and potatoes and (2) the outcome of the pending barley assessment vote taking place in early November.

**ARS research funding request** – Drs. Don Obert and Eric Jackson presented a request for \$18,000 funding support to provide funds needed for a GS-4 Biological Science Technician in current FY 2010 to map important malting quality traits and development of markers in a new cross of a potential winter hardy malting barley line. The IBC board deferred a decision on funding this request until the outcome of the pending barley assessment vote.

## **VI. IBC Strategic Initiatives**

### **I. Malting Barley for Export**

- § Participating in USGC's second Latin American Malt and Malting Barley Buyers Conference on Nov. 18-20 in Dominican Republic (Ron, Clay and Kelly). Helped plan and participated in Latin American Malt and Malting Barley Buyers Conference in Jan. 2008 (Ron and Kelly).
- § Targeted market development efforts at Mexico and Colombia/Peru. Actively working with FEMSA CCM and Grupo Modelo. CCM contracted for 2,000 MT of barley with a handful of eastern ID growers (arranged through General Mills, Newdale elevator). They report their direct purchasing program with ND and ID growers will grow substantially in the next three years (General Mills will be exclusive handler).
- § Met with SABMiller group in early August 2008 in Portland (Ron & Kelly). 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 will give Canadian suppliers duty free access for malting barley and malt.

### **II. Winter Malting Barley**

- § UI/IBC published **Charles production guide** for growers in mid September.
- § **Charles malting barley seed production met expectations in 2009** – UI Kimberly / Anheuser Busch. UI Kimberly reports still some registered seed available.
- § **2009 commercial production** – 1.47 million bu (AB contracted 8500 acres/1.2 million bu commercial and 430 acres/45,000 bu seed), GWM (900 acres / 100,000 bu), GModelo (500 acres/75,000 bu), MillerCoors (650 acres / 100,000 bu).

- § **Anticipated 2010 production** – 1.67 million bu (AB 800,000 bu, GWM 150,000 bu, GModelo estimated 300,000 bu, MillerCoors 416,000 bu). None in north Idaho.
- § **AMBA approved Charles** as official recommended variety in Western U.S. at their Dec. 2008 meeting at request of GModelo Agriculture Inc.
- § **Endeavor** was released by ARS in Dec. 2008. **Foundation / registered seed expansion underway.** Problems were encountered with foundation seed production in 2009 (seed provided by ARS Aberdeen was contaminated with wheat seed which required excessive roguing and was downgraded to registered seed). AB was disappointed with both the low volume and quality of seed available from UI Kimberly.
- § Provided agronomic data and samples of **Charles** and **Endeavor** to both GModelo and SABMiller in fall/winter 2008-09.
- § Continuing to investigate ways to **speed up malting barley approval process** (ARS, AMBA, private companies, importers).
- § **Grassy weed control in winter malting barley** – UI weed scientists (Moscow) will undertake a small phytotoxicity study on using Axiom herbicide in winter barley grown at UI Parker Farm in 2010 (applied post emergence in fall 2009). Axiom is only labeled on winter wheat in the PNW.

**III. Food Barleys** – the board held a conference all with Kevin Hodges, WestBred at 1:00 pm to discuss ongoing domestic and Asian food barley market development efforts.

§ **Japan market developments –**

- Dan Mader will participate in Nov. 2009 mission to Taiwan and Japan. Food barley sales to both markets have been slow this past year for various years cited by Kevin Hodges but the potential exists for expanding sales in the future.
- Dwight Little and Sam White (PNW Farmers Cooperative) participated in the Jan. 2009 barley mission to Japan.
- PNW Farmers Cooperative (Genesee Union) contracted with Hakubaku for 2,000 MT production in summer 07 and 1,800 tons in summer 08. 2009 purchases were negligible but Itochu has indicated they were interested in 2010 contracts.
- WestBred sent two reps (Dale Clark and Kevin Hodges) to Japan in April 2008 to meet with Hakubaku and other potential customers.

§ **Taiwan market development –**

- Sam White participated in Idaho Governor's Asian trade mission to Taiwan in October 2008 on our behalf.
- Indications are that Taiwanese customers are beginning to differentiate food barley based on b-glucan content (not just best available at 4%).
- Responded to specific trade inquiries for samples in April 2009 and again in July 2009– (1) hullless but not waxy HBGB (nothing currently available for export) and (2) 1 metric ton Salute which PNW Coop has agreed to provide.
- **USGC activities** - 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. USGC held four seminars and tasting panels involving 372 attendees in Nov. and Dec. 2007 targeting bakers, barley processors and nutritionists. Follow-up seminar was held in late Sept. 2008 in cooperation with the Taiwan Barley Products Industry Association and the China Grain Products Research & Development Institute to promote health benefits of barley baked goods.

§ **Domestic –**

- Kevin Hodges reported that several domestic food companies are expanding their use of barley as a key ingredient in processed food products. He felt the domestic market would continue to grow slowly but steadily.

- Participated in 5<sup>th</sup> annual **Women's Fitness trade show in Boise** (Sept. 24-25). Distributed new recipe/health brochure entitled "Make Every Bite County with Barley" and sampled warm orange barley pilaf.
  - Grower contracts were initiated in eastern Idaho by two commercial companies in 2009 (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. Participated in National Barley Foods Forum on Jan. 30, 2009 in Sacramento, CA (chaired by Dan Mader).
  - 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.
  - Continuing discussions with ARS cereal chemists at Albany, CA, and Aberdeen, ID, about need for greater collaboration on barley food products research between ARS, universities and private food companies.
  - Continuing to work with ARS Human Nutrition Laboratory in Beltsville, MD on barley nutrition research.
- § **Other – IBC updated the U.S. Food Barley Production Assessment Report** for US Grains Council and selected U.S. food companies (revised summer 2009) and worked with RMA on a **new crop insurance policy for food barley – Specialty Type Barley insurance** – which will be available in spring 2010. Will insure food barley, malting barley and certified seed for production losses at actual contract prices.

#### IV. Specialty Feed Barleys / Low Phytate Barley

- § Continuing to work with ARS researchers and Magic Valley fish feed manufacturers on **expanding use of barley in fish diets**. End user focus has shifted from using the whole grain (low phytate) to protein fractionation.
- § **Barley protein fractionation for fish pellet production** - For the past two years we have worked 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 and Montana. **Most recent developments** - In April 2009, I arranged a meeting between Montana Microbial and ED&F Mann, the company which operated a potato waste ethanol plant in Caldwell. This ethanol facility was struggling due to a shortfall in potato waste feedstock. MMP determined that this existing plant could be economically retrofitted to separate protein on the front end and use the starch for ethanol production. After many fruitful discussions, EDFM decided to shut the plant down and return ownership to Simplot (June 2009). I then arranged contact between Montana Microbials and Simplot about a possible joint venture. A specific proposal is currently on the table for final consideration.
- § ARS completed a 12-week growth study in summer 2008 using barley protein concentrate; shown to be very good source of protein for trout diets with no anti-nutritional affects.
- § We participated in CSI/UI/ARS aquaculture field day in Oct. 2008 in Twin Falls to report on results of barley protein concentrate trout feeding study.
- § Contracted with UI Tetonia for 18 MT of **Clearwater** production (hullless lpa) in summer 2007. Worked with US Grains Council to ship this lpa barley to a Vietnam aquaculture farm in Dec. 2007 for catfish feeding trial. Trial completion was delayed until 2009; results were mixed but essentially showed no feeding advantage over locally available rice straw.

- § **Herald** hulled lpa variety was released by ARS Aberdeen in 2006 and **Clearwater** hullless lpa variety was released in 2007.

## **VII. IBC Program Review – Research, Market Development, Grower Services**

**National Barley Improvement Committee (NBIC) barley research funding priorities in FY 2010** – Chairman Ron Elkin reported on the outcome of the FY 2010 barley research appropriations that were supported by the National Barley Improvement Committee (NBIC) -

- § \$547,000 Special Research Grant (through USDA/CSREES) for Barley Rural Development at University of Idaho and Montana State University (includes \$50,000 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.
- § \$1 million for Regional Small Grains Molecular Genotyping Laboratories
- § \$1.052 million for Grain Disease Research
- § \$1 million of additional funding for Ug99 stem rust research – some of this funding is likely to be earmarked to USDA ARS Aberdeen.
- § \$5.9 million Obesity Prevention Research, HNRC, Beltsville, MD.
- § **NOT FUNDED** - \$300,000 enhancement for Barley Germplasm Development at ARS/Aberdeen - was not included in the Idaho congressional delegation’s priority list submitted to the House and Senate agriculture appropriations subcommittees.

**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. This project was funded in FY 2010 at a total of \$547,000. For FY 2009, the UI received \$216,058, allocated 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 passed through to ARS Aberdeen Dr. Don Obert for barley variety improvement.
- § \$44,000 was 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. Dan also reported on the upcoming U.S. barley mission to Taiwan and Japan on Oct. 31- Nov. 7 (Dan will participate) and the Latin American Malt and Malting Barley Buyers Conference on Nov. 18-20 in the Dominican Republic (Ron Elkin, Clay Kaasa and the Administrator will participate).

**FEMSA CCM report** – Guillermo Francos and Alberto Maynez provided an excellent overview of FEMSA CCM, Mexico’s second largest brewing company based in Monterrey, Mexico. Guillermo discussed his company’s efforts to establish direct malting barley contracts with Idaho growers in 2009 (barley was handled by General Mills) and how he expected this barley procurement program to expand in the next few years. The two company representatives were scheduled to meet with Idaho growers in Mud Lake and Tetonía on October 28.

**IGPA report** – IGPA Executive Board member Matt Gellings provided a report on IGPA priorities, including:

- § **Upcoming 2009 Oregon-Idaho Grains Conference scheduled Dec. 1-3 at the Coeur d’Alene Resort.** Matt emphasized that they had exceeded their sponsorship goals for the

2009 convention and he thanked the IBC for its additional funding support for the 2008 convention.

§ **Eastern Idaho grower meetings / ongoing efforts to strengthen county organizations –**

Matt reported on joint efforts between the IGPA and IBC to reach out to eastern Idaho growers in the past year. Matt thanked the IBC for allowing IGPA to collaborate on IBC efforts and he pledged his continuing commitment to strengthen IGPA county organizations in the targeted eastern Idaho counties. Commissioner Dwight Little and Industry Representative Clay Kaasa emphasized the need to have a strong presence in these top barley producing counties.

§ **Rail transportation** – rail competition/anti-trust legislation is expected to be introduced in the Senate this fall.

§ **Climate change legislation** – IGPA had taken the lead in NAWG and NBGA to shape stronger language protecting grain producers' economic interests under pending federal climate change legislation.

**National Barley Growers Association (NBGA)** – Commissioner Dwight Little provided a very brief report on current NBGA priorities.

**Grain Marketing / Risk Management Education** – The Administrator reported final activities being conducted under our \$20,000 grant that the IBC received from the Western Center for Risk Management Education in 2008. Funding was used to sponsor:

- Three additional **grain marketing workshops** were scheduled Nov. 3, 2009 in Rexburg and Ashton. [**Note:** attendance totaled 44 at the two workshops.]
- **Grain marketing workshop** held on August 5, 2008 in Idaho Falls. Attendance totaled 40. Evaluations were excellent.
- Collaborated with UI Extension on offering **Farm Business Management Schools** (like our cereal schools but business mgmt focus) – **held Jan. 13, 2009 in Lewiston and Jan. 14, 2009 in Idaho Falls.** Attendance totaled 61 at the two schools. Evaluations were excellent.
- Developed expanded features of our **Mountain View Farms computer simulation game that is available on line at [www.agsurvivor.com](http://www.agsurvivor.com).**
- Disseminated current grain market outlook and analysis – we have more than 650 subscribers to our current weekly Idaho Grain Market Report. .

### ***VIII. Other / Calendar***

**Travel Authorizations** – Two out-of-state travel requests were reviewed. **A motion was made by Commissioner Dan Mader, and seconded, to approve out-of-state travel as follows: Commissioner Dan Mader to participate in the annual USGC barley mission to Taiwan and Japan on Oct. 31- Nov. 7, 2009 (travel paid by USGC); and Chairman Ron Elkin, Industry Representative Clay Kaasa and the Administrator to participate in the USGC Latin American Malt & Malting Barley Conference on Nov. 18-20 in the Dominican Republic (travel for two people paid by USGC). 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 October 27, 2009 meeting. The motion carried 4-0.**

With no other business, the IBC meeting was adjourned by Chairman Ron Elkin at 5:50 p.m.

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Ron Elkin, Chairman

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Date

**IBC MEETING  
OCTOBER 27, 2009, ST. ANTHONY, ID  
MOTIONS PASSED**

1. A motion was made by Commissioner Dwight Little, and seconded, to approve the minutes for the May 27-28, 2009 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 Industry Representative Clay Kaasa, and seconded, to approve an additional \$250 LIA sponsorship for Scott Brown (total of \$500). The motion carried 4-0. Note: Scott Brown's LIA sponsorship was deferred until FY 2011.
4. A motion was made by Commissioner Dan Mader, and seconded, to approve out-of-state travel as follows: Commissioner Dan Mader to participate in the annual USGC barley mission to Taiwan and Japan on Oct. 31- Nov. 7, 2009 (travel paid by USGC); and Chairman Ron Elkin, Industry Representative Clay Kaasa and the Administrator to participate in the USGC Latin American Malt & Malting Barley Conference on Nov. 18-20 in the Dominican Republic (travel for two people paid by USGC). 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 October 27, 2009 meeting. The motion carried 4-0.