

**ALBERTA BEEF PRODUCERS
MINUTES OF THE BOARD OF DIRECTORS MEETING
WEDNESDAY SEPTEMBER 17, 2008
AT THE ABP BOARD ROOM, CALGARY, ALBERTA**

PRESENT: Erik Butters - *Chair*
Rick Burton - *Vice-Chair*
Kelly Olson - *Finance Chair*
Gerald Maser - *Zone 1*
Brent Carey - *Zone 2*
Brian Edge - *Zone 3*
Frank Murphy - *Zone 4*
Doug Sawyer - *Zone 5*
Greg Bowie - *Zone 6*
Roy Eckert - *Zone 6(at large)*
Harvey Hagman - *Zone 7*
Darcy Eddleston - *Zone 8(at large)*
Donna Noullett - *Zone 9*
Stuart Thiessen - *CFC Chair*
Chuck MacLean - *CFC*
Darryl Carlson - *CIC*

STAFF: Rich Smith - *G.M.*
Adrienne Waller - *Corp. Counsel*
Barb Sweetland - *Promotion Mgr.*
Laura Procnier - *Controller*
Lori Creech - *Comm. Manager*
Reynold Bergen - *AH&W Manager*
Rosanne Allen - *Exec Assistant*

GUEST: Dennis Laycraft - *CCA*
Andrea Brocklebank - *CCA*

ABSENT: Gordon Graves - *Zone 8*
Dave Solverson - *CFC*
Tony Saretsky - *CIC Chair*

Chairman Butters called the meeting to order at 8:45 a.m.

1. Approval of the Agenda

Additions: 6(e) Grazing Leases; 6(vii)(a) BCRC

Motion by Bowie/Hagman:

“That the Agenda be adopted with additions marked above, plus any other additions or deletions that are deemed necessary throughout the course of the meeting.”

Carried

2. Minutes of Previous Meetings

(a) Minutes of August 7, 2008 Meeting:

Motion by Murphy/Eckert:

“That the Minutes of the August 7, 2008 Board of Directors meeting be adopted with changes.”

Carried

3. Finance Report

(a) Financial Statement ending August 31, 2008:

Olson updated the Board on the current finances of ABP

Motion by Olson/Sawyer:

“That the Financial Report be accepted as presented for information purposes.”

Carried

(b) Budget proposal for 2009/2010:

Olson described the options to the Board for the upcoming budget year. The Board had asked the Executive to present two budget options with one of them directing \$1,000,000 to the Trade Advocacy Reserve Fund. Olson explained that putting this much money in the fund would have reduced committee and project expenses excessively so one of the options included a \$500,000 commitment to the trade fund. There was agreement among the directors to commit funds to the Trade Advocacy Reserve Fund. A budget option based on 4 million marketings with the \$500,000 commitment to this fund was reviewed in careful detail. The Board was able to reduce some expenses to partially offset this commitment, but this option still leaves a lesser budget for committee and project expenses. The distribution of money among committees will be determined when the new committee structure is implemented.

Motion by Olson/Carey:

“That Alberta Beef Producers Board of Directors include the amended 2009/2010 budget in the Annual Report.”

Carried

4. Items for Decision

(a) ALMS Update and Strategy:

Butters updated the Board on the current situation with the Alberta Livestock and Meat Strategy (ALMS) and the response to the strategy around the province. A workshop dealing with the Alberta Livestock and Meat Agency (ALMA) was planned for the next day and ABP was represented by Burton, Olson, Waller and Smith. Producers have received the open letter from ABP and the attendance at town hall meetings around the province has been very good. The Alberta Government also is planning a series of breakfast meetings on the ALMS over the next couple of weeks.

There was a lengthy discussion of the correct approach for ABP in representing the views of our producers and dealing with the government. Clearly, the Board saw an

obligation to continue providing information to producers, but some directors also saw a need to try to work with the government on the ALMS. The position of ABP is that there are elements of the strategy that we fully support, elements about which we are uncertain and need further information to make an assessment, and elements that we don't support in their current form.

The Board continued with discussion of the traceability requirements in the ALMS. The government will be requiring additional information from producers for premises identification and there are serious concerns about the potential requirements for movement tracking. Producers continue to express opposition to mandatory age verification. LIS has developed a proposal for providing assistance to the government with traceability and recognizes that implementation will be a long and costly process.

The Board talked about the collection, ownership and sharing of information under the ALMS. There also was acknowledgement of the technological barriers to tracking animals, not the least of which are related to tag retention. There was agreement that ABP needed to move forward from simply supplying information and asking questions about the ALMS to actually presenting recommendations for a livestock and meat strategy.

Smith outlined a concept for livestock information and traceability that could form the basis for a position paper on this subject. This idea involved separation of the mandatory information required for animal health and food safety from the voluntary value added information that would be shared by participants in supply chains or other marketing initiatives. The concept also had been suggested by CCIA and LIS.

Motion by MacLean/Eddleston:

“That Alberta Beef Producers Executive develops a position paper on Traceability for the Alberta Livestock and Meat Strategy and sends it to the Board for approval.”

Carried

(b) Standing Committee Working Group Report:

Smith introduced the report from the Standing Committee. The group was struck to look at ABP's standing committees. Based on the plan review, ABP will have the three councils and two standing committees, Governance and Audit. The group looked at four priority areas: Communication, Policy, Promotion, and Production (research, animal health and welfare, and environmental stewardship) and assessed which areas would require standing committees and which could be served by working groups or ad hoc committees. The report noted a very suggestion that after meetings of Boards, Councils and committees, a one page summary will be distributed to delegates to highlight what was resolved during the

meeting. The recommendation of the working group was to have three standing committees, one that works on communication, one that works on promotion and one that works on the environment. Committees may not need to have one representative from each zone and they may not need to meet more than three or four times a year.

The Promotion Committee has changed over the past year and it was questioned whether this committee needs to continue in the same format or whether something like a working group that meets only when needed would meet the needs.

Eckert asked if this proposed changes to the standing committees could be brought to the zones for their input and was informed that this was satisfactory.

DIRECTION to add this topic to the November Board meeting for further discussion.

(c) Marketing Organization Integration:

Dennis Laycraft, Executive Vice President CCA joined the meeting to discuss the integration of CBEP and BIC. In March 2007 a resolution was brought to the CCA Board to investigate the potential benefits and costs of integrating CBEP and BIC. CCA convened a steering committee who worked with Framework Partners Management Consultants to complete an assessment and provide a recommendation to the CCA Board. The final report was given to ABP and supplied to the Board for their input.

Andrea Brocklebank has worked with both groups and there is a great deal of talent in the organizations. However, there also is a level of competition for funding and a lack of cooperation between them. There also are differences between the representation and governance of the two organizations despite the fact that they are involved in the same activities. It seems that there could be much to gain from creating a single marketing organization that captures the strengths of both BIC and CBEP, while leading to greater efficiency in the use of resource, a higher degree of flexibility and cooperation in marketing activities, and more consistent governance.

Burton asked Laycraft what the Canadian Beef Advantage has to offer him as a producer. It is going to have to evolve because there are no significant numbers involved yet. The CBA will be based on a flow of information among the cattle industry sectors and a set of protocols that will qualify production for the designation. CCMDC and CCA will be moving ahead with a pilot project soon. There has been interest in the concept from processors, but no firm commitments at this time. The CBA will be a foundation on which many marketing initiatives could be built.

Laycraft noted that there has been some change in the interpretation of rules for mandatory COOL. The change will allow more mixing of cattle from Canada and the U.S. CCA is trying to assess the impact that this will have on U.S. packers and sales of Canadian cattle. CCA and the pork industry will be filing comments on the rules.

Motion by Eddleston/Thiessen:

“That Alberta Beef Producers accept in principle the recommendations of the consultant and encourage Canadian Cattlemen’s Association to move forward with a steering committee to do work on the integration of the marketing organizations.”

Carried

(d) Webcast – AGM Resolutions:

Motion by Olson/MacLean:

“That Alberta Beef Producers proceed with the webcast for the Resolutions debate at the Annual General Meeting.”

Carried

(e) Zone Delegate Appointments:

Motion by Maser/Noullett:

“That the Alberta Beef Producer Board of Directors approve the one-year appointment of Max Tateson as delegate for Zone 1 beginning on November 17, 2008.”

Carried

Motion by Bowie/MacLean:

“That the Alberta Beef Producer Board of Directors approve the one-year appointment of Don Mosicki as delegate for Zone 6 effective immediately.”

Carried

Motion by Noullett/Thiessen:

“That the Alberta Beef Producer Board of Directors approve the one-year appointment of Garth Shaw as delegate for Zone 9 beginning on November 17, 2008.”

Carried

(f) CASA Board Member Appointment:

With the resignation of Len Vogelaar, the ABP position on the CASA Board needs to be filled. The CASA process can be cumbersome and difficult, but it is important to have representation when issues of significance to the cattle industry arise.

Motion by Olson/Maser:

“That Rich Smith, General Manager, be appointed to represent the Alberta Beef Producers Board of Directors on the Clean Air Strategy Alliance Board.”

Carried

(g) Oregon Cattlemen’s Association Annual Convention and Trade Show:

Anyone who would like to represent ABP at this convention was asked to inform Smith.

5. In Camera Session

6. Items for Discussion

(a) LIS and ALMA:

Carey updated the Board on LIS. The government had approached LIS to help with the tracing issue. It could prevent them from implementing a fee increase if they receive payment from the government as part of the cost of traceability. Carey is working on getting an internal document released that deals with the traceability proposal. LIS will prepare the audits on traceability but they will not enforce traceability requirements. The benefit of ABP being engaged with LIS is that they currently have a better relationship with the government.

Burton requested Smith to distribute a list of chairmen to the various Feeder Associations to the Board so directors can contact local associations regarding FAA policies with respect to the ALMS and ABP.

(b) Association Membership:

Waller spoke to the Board about a possible conflict of interest delegates could have with the mandate of ABP. When members join an organization they agree to abide by the bylaws of that organization and to work towards attaining the bylaws of that organization.

There is an obligation for a member to actively work for their organization. If an ABP delegate is also a member of an organization that is actively working against us can they and should they be a delegate? Can they be a delegate or director if they are members of an organization that is fundamentally opposed to ABP?

We need to be aware of the potential for conflict. This should be something that is discussed at the New Delegate Orientation so that new delegates are aware of the problem.

We need to be cognizant of this issue as we move forward and prepared to deal with any conflicts that arise.

(c) Fall Meeting Strategies:

There will be a Board meeting before the fall meetings. Maser asked if there would be information on ALMA to give to the producers at the fall meetings. Thiessen asked if some information can be added to the DVD that will be filmed next week. The Board agrees that this will be a major topic at the meetings. Smith confirmed that ALMS will be talked about on the DVD.

(d) Harvest Gala:

Smith told the Board that this year we will have two tables and four sponsorship tickets for the Gala which will be held on Friday October 17th. One table is for PA members and the ESA winners, while the other table is for the Board. The ESA table is full but there are 7 chairs open at the Board table. Anyone who is interested in attending the Gala should contact Rosanne before September 26th.

(e) Grazing Leases:

Burton has been involved with a working group that has been considering the grazing lease fee system. During the last countervail suit, there was a claim that lease payments were not at an appropriate level. The working group has done a detailed survey on the actual cost of operating a grazing lease and have come up with some strong points to show that there is not much difference in the cost between public and private grazing leases. What the group is trying to do is move towards a royalty structure that would be similar to what the oil and gas companies pay to the government for their leases. There is a draft paper in the works to try and make it a saleable project in the hopes of convincing the government to move towards this type of structure.

(f) Committee Reports:

(i) Government Affairs:

There has not been a GA meeting since the last Board meeting. The CCIA July Board meeting asked staff to come up with a better way to age verify cattle with dial-up internet access. Ontario has come up with a program to assist with this process and has agreed to give it to CCIA to share with any organization who would like it. The only thing that Ontario is asking for is recognition.

(ii) Cattle Feeder Council:

The last conference call was on Tuesday and they discussed ALMS. The government has not yet released the requirements for feedlot operators on traceability. The next proposed meeting will be in October. Producers will have to sign a document that allows the government to go to CCIA to get the information.

(iii) Cattle Industry Council:

There was nothing to report for CIC

(iv) Promotion Committee:

There was a Promo meeting last Thursday. There have been problems getting land locations for the Raised Right billboards, but they have now confirmed a second location south of Calgary and there is a meeting in Airdrie tomorrow night. They are also looking at some place on Highway 16 near Edmonton. An ABP sign has been added to the display at Bar U. The branding booklet should be ready to go at the end

of October or beginning of November. There is a request out to building management regarding our sign. The bus ads are running for our new campaign. The signs are on buses in Calgary, Edmonton, Red Deer, Lethbridge and Medicine Hat. There has been some positive feedback on the advertising.

(v) Public Affairs:

The PA committee is working on AFAC. The Alberta Livestock Protection Services has been rejuvenated. It has not done much yet but put the right people in a room together to discuss concerns.

(vi) Producer Liaison:

Maser brought forward to the Board the proposal to look into the cost of developing our own magazine with advertising. The Board had mixed feelings about ABP developing a magazine that would be in conflict with private ventures and hesitant about the actual cost of producing a magazine.

Motion by Carlson/Edge:

“That the Producer Liaison Committee present a business plan for an Alberta Beef Producer magazine at the October Board meeting.”

Carried

The Conservative Party is having a convention in Jasper the beginning of October. It was suggested that we have some delegates attend to open dialogue with the Provincial government. There was some agreement but they would need to pay their own expenses. Eddleston asked about the “Golf for the Cure” in Medicine Hat explaining that “Haying for the 30’s has asked for sponsorship and been turned down.

(vii) Technical:

Nothing to report

(a) BCRC:

Motion by Edge/Thiessen:

“That the funding to the National Check-off be reallocated as follows:

- 1) BIC \$0.6342/head**
- 2) CBEF \$0.2469/head**
- 3) BCRC \$0.1000/head**
- 4) NCO \$0.02/head**

Carried

(viii) Cow/Calf Committee:

The Cow/Calf Committee had planned a meeting for early September, but this meeting has been postponed until October. AFSC is going to run a pilot on the Margin Coverage Concept and the committee has members interested in participating.

(ix) Quality Starts Here:

Nothing to report

7. General Information

- (a) Resolutions Table
- (b) Beef Supply at a Glance;

8. Next Meeting Dates

- (a) Board Meeting – Thursday, October 16, 2008, ABP Board Room
- (b) Resolution Committee Meeting – Wednesday November 19, 2008 – ABP Board Room
- (c) Board Meeting – Thursday November 20, 2008, ABP Board Room
- (d) New Delegate Orientation – November 26, 2008 – ABP Board Room
- (e) Annual General Meeting – December 8 – 10, 2008 – Calgary, Sheraton Cavalier Hotel

9. Adjournment

Motion by Thiessen to adjourn at 4:45 p.m.

CHAIRMAN

GENERAL MANAGER