

**ALBERTA BEEF PRODUCERS
MINUTES OF THE BOARD OF DIRECTORS MEETING
THURSDAY OCTOBER 18, 2007, 8:30 a.m.
AT THE ABP BOARD ROOM, CALGARY, ALBERTA**

PRESENT: Erik Butters - *Chair*
Rick Burton - *Vice-Chair*
Kelly Olson - *Finance Chair*
Brent Carey - *Zone 2*
Ernie Israelson - *Zone 3*
Judy Fenton - *Zone 4*
Millie Boake - *Zone 5*
Doug Sawyer - *Zone 5*
Diane Panrucker - *Zone 6*
Rick McKnight - *Zone 7*
Darcy Eddleston - *Zone 8*
Donna Noullett - *Zone 9*
Stuart Thiessen - *CFC Chair*
Chuck MacLean - *CFC*
Dave Solverson - *CFC*
Tony Saretsky - *CIC*

STAFF: Rich Smith - *General Manager*
Tim Highmoor - *Policy Analyst*
Adrienne Waller - *Corporate Counsel*
Laura Proconier - *Controller*
Barb Sweetland - *Promo Manager*
Rosanne Allen - *Executive Assistant*
Steven Carr - *Mrkt Coordinator*
Reynold Bergen - *Anl H&W Manager*

GUESTS:

ABSENT: Darcy Davis - *Past Chair*
Gerald Maser - *Zone 1*
Shelley Morrison - *Zone 9*
Steve Primrose - *CIC Chair*

Chairman Butters called the meeting to order at 8:35 a.m.

1. Approval of the Agenda

Additions: 6(j) Pure Bred Beef; 6(k) Roundtable Meeting;
6(l) Royalty Review;

Motion by Sawyer/Panrucker:

“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 the September 20, 2007 Meeting:

Motion by Thiessen/McLean:

“That the Minutes of the September 20, 2007 Board of Directors meeting be adopted.”

Carried.

3. Finance Report

Olson reviewed the financial statement with the Board. At this point for the current year the marketings are on track though we cannot predict how the marketings will go for the rest of the fiscal year with retained ownership and exported animals. Olson was asked if we have a contingency plan if our marketings drop off significantly and informed the Board that we had nothing beyond our existing reserves. Olson thanked Proconier for all of the work she put into the budget information.

(a) Financial Statement:

Motion by Olson/Fenton:

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

Carried

4. Items for Decision

(a) Beef Producers Competitiveness Roundtable:

Erik Butters, Rich Smith and Stuart Thiessen attended a Beef Industry Roundtable on Tuesday with the Minister of Agriculture and Food, several of his staff, and four other organizations (ACFA, FAA, WSGA, and BIG). Before the meeting, The Minister announced the \$165 million Alberta Farm Recovery Plan. At the meeting, the five groups provided their views on the state of the industry and possible solutions to the current financial situation. ABP was the only organization that spoke against BSE testing and the other organizations were talking about moving away from the American market. The Feeders Association announced that in order to get the federal cash advance next year, the producer will have to age verify their cattle. Thiessen informed the Board that ABP would be writing a letter to the Minister restating ABP's stand on age verification and BSE testing. Carey stated that ABP needs to be strong and stand by our principles.

The Board discussed the politics of the situation and what they may be facing in the future. The Board was in consensus regarding mandatory age verification and BSE testing, not seeing either of them being good for the industry. Butters stated that it might be beneficial for us to announce that ABP was going to develop a three year plan of some form. Olson suggested we write a rules/trade based letter stating what we see in the future and were we

would like to go. The Board was very strongly against mandatory age verification. Panrucker suggested that we also need to go to our producers and show them what ABP has been doing on their behalf. Delegates also suggested that we do not leave out the Bank of Canada's influence in the letter. Fenton suggested that the letter be cc'd to all of our MLA's.

Motion by Olson/Saretsky:

“That the Alberta Beef Producers staff and Executive prepare a document clarifying and communicating Alberta Beef Producers policies and principles for enhancing the competitiveness of our industry. The document to be reviewed by the Board of Directors at their next meeting.”

Carried

(b) Economic Situation – Fall meetings:

Butters started the discussion regarding the Canadian dollar, feed grain prices and regulatory burden. We need to let the producers know that we understand the problem and we are working on it. Saretsky asked about considering issuing a media statement on the economic position of our industry. Smith suggested that it be released before the fall meetings. McKnight suggested that we come up with a plan that would counter mandatory age verification. The CCA repeatedly stated that age verification is important yet the producers have not done anything to further age verify their cattle. We have done a number of things to encourage age verification, but if producers are waiting to be paid for it then these initiatives will not be effective. The Board agreed that we have taken every opportunity to encourage producers to age verify without a lot of success.

(c) CAIS Program/Safety Nets:

Alberta Agriculture has agreed to try and remedy the issue of bred heifers being valued incorrectly for the purposes of the CITI program. AFSC has drafted a letter that will be sent to 18,000 cattle producers in November explaining this issue. AFSC has asked ABP for their comments on the letter. The letter will also include the cattle inventories processed by the CAIS program for 2003, 2004 and 2005, for the producer in question. The letter will ask producers to re-allocate cattle inventories to reflect the number of bred heifers they had in beginning and ending inventory for each of these years. ABP's Safety-Net committee reviewed the draft letter prepared by AFSC and was concerned about the negative tone of the letter. For every bred heifer a producer reports in opening 2003 inventory they could receive up to \$104/head, in 2004 up to \$30/head and in 2005 producers would receive nothing. Reporting bred heifers in opening 2005 inventory could actually reduce a producers 2005 CITI payment already received. Highmoor has prepared a two-page document for directors and delegates for the fall meetings that will explain this issue clearly. The total pay out to AB cattlemen could be up to \$20 million, but Highmoor believes that not all producers will fill out this form nor will all be in a claim position. Highmoor was asked how large the risk is

of producers having to pay re-money already received, if they fill out this form. Highmoor noted some will have to pay some money back, but the gains should far outweigh the losses. Eddleston thanked Erik for a well timed visit to Brad Klak at AFSC, which helped to resolve this issue. Highmoor also spoke to the Board about motions that were passed at the last GA and Board meetings, and stated they are in dialogue with the government about these issues. A new issue arising, regarding CAIS, is that many producers will not be able to participate in the 2006 CAIS program because they did not pay their CAIS participation fee on time. Highmoor questioned the Board about their position on this issue.

Motion by Fenton/Thiessen:

“That Alberta Financial Services Corporation let producers who have not paid their fee participate in CAIS with a nominal penalty.”

Carried

Highmoor also said that producers with a negative reference margin are also ineligible to participate in CAIS, if 2 or more of the margins used in the reference margin calculation are negative.

Motion by Thiessen/Carey

“That Alberta Beef Producers lobby Alberta Financial Services Corporation and the Federal government to remove the requirement that producers with a negative reference margin are only allowed to participate if 2 of the 3 margins used in the reference margin calculation are positive.”

Carried

For 2007 CAIS will be calculating reference margins differently. They will be switching to using the hybrid accrual method. It is Highmoor's understanding that this change in reference margin calculation will reduce the reference margins of 80% of Alberta's livestock sector in 2007.

Butters asked the Board if it was there wish to lobby for money for producers or to consider safety net programming based on the safety net principles passed by the Board of Directors in December 2004. The Board unanimously voted to continue considering safety net programs based on the safety net principles already passed by the Board.

Alberta Farm Recovery Plan (AFRP)

The details known about the AFRP were shared with the Board. Olson suggests that we write a letter to Minister Groeneveld, saying that we do not think funding for this program will target the cow/calf sector. It was suggested that instead of noting the program will not target the cow/calf sector, show that it is not fair to all of the sectors. Some directors felt ABP should let AFSC respond to Highmoor before we write a letter to the Minister, while

others believe ABP should send a letter to the Minister immediately. Tim asked the Board which direction to lobby for, if it looks like most of the money is going to the feedlot sector instead of the cow/calf operator. It was suggested that we write the letter before the details of the program are announced, because it will little impact after the fact.

Motion by Olson/:

“That Alberta Beef Producers write a letter tomorrow to the Minister of Agriculture expressing our concerns.”

Carried

(d) Genomics Centre of Excellence:

Panrucker informed the Board that at the last Tech meeting Dr. Plastow gave a presentation on the Genomics Centre of Excellence. The committee was impressed with the presentation and made a motion to have the Board send a letter to Genome Alberta in support of their application. Although scientists from across Canada will contribute expertise to this project the infrastructure will reside in Alberta. Panrucker gave the Board a brief synopsis of the proposal. They are looking for money or in-kind contributions. The only way we could would be able to contribute in-kind would be to communicate with the producers and let them know how this will be of benefit for them. Bergen mentioned that the only concern he has is that there are initiatives like this around the world already. The only thing that differentiates this from other programs is the focus is different from other countries. Getting industry data would be good but there is not much data available. In terms of the financial we should make the point that we have contributed to their research in the past and will probably do it in the future. There looking for about 25% of funding from industry but the in-kind contribution would have to come from the producers. There are commercial companies that validate steers now. All of these snips can be patented. Panrucker was asked how this would give the producer an advantage and she replied that the research has the potential to help the producers purchase cattle that yield more, grow larger, and are healthier. Genome Alberta is a funding organization and is not involved in the Genomics Centre of Excellence. The Technical Committee is prepared to provide money from their budget. The Board has mixed responses to the proposal with some delegates opposed to the motion.

Motion by Olson/Sawyer:

“That Alberta Beef Producers send a letter of support, in principle, for the application for the Genomics Centre of Excellence proposal making a commitment of communications with our producers.”

Carried

(e) AFAC Funding:

Bergen spoke to the Board about the funding for AFAC. Sawyer will be speaking to AFAC in a conference call and will come back to the board when he has more information.

(f) National Agency Reimbursement:

Waller spoke to the Board about the National agency which is responsible for distribution of the national check-off. Alberta has never submitted a bill for our legal fees which total \$25,000. Does the Board wish to submit a bill to the National Agency for reimbursement of legal fees or cover these fees ourselves. If we submit a bill it will come out of their 2% administration budget.

Motion by Thiessen/Boake:

“That the Alberta Beef Producers submit a bill to the National Agency for reimbursement of its legal bills.”

Carried

(g) Cattle Marketing Regulation Amendment:

Both the Marketing Amendment Regulation and Authorization Amendment Regulation expire in July 2008. Waller is suggesting that we make a motion to extend the deadline to March 2009.

Motion by Fenton/Carey:

“It is hereby resolved that, pursuant to Section 26 of the *Marketing of Agricultural Products Act*, Alberta Beef Producers requests Marketing Council to amend the Alberta Beef Producers Cattle Marketing Amendment Regulation, by striking out “July 1, 2008” and substituting “March 31, 2009, in accordance with the draft Alberta Beef Producers Cattle Marketing Amendment Regulation faxed by Marketing Council to the Alberta Beef Producers on October 3, 2007.”

Carried
Unanimous

Motion by Olson/Israelson:

“It is hereby resolved that, pursuant to Section 26 of the *Marketing of Agricultural Products Act*, Alberta Beef Producers requests Marketing Council to amend the Alberta Beef Producers Authorization Regulation, by striking out “July 1, 2003” and substituting “March 31, 2009”, in accordance with the draft Alberta Beef Producers Authorization Regulation faxed by Marketing Council to the Alberta Beef Producers on October 3, 2007.”

Carried
Unanimous

(h) OTM Rule 2 update:

Waller received a note from Simeon regarding the opposition of Rule 2. Simeon wants to know if we want this to be monitored by his people or leave it to CCA. It was decided that ABP would leave it to CCA and send a note to Simeon stating that fact.

Some of the problems that arise result from a CFIA interpretation of an American decision and these issues are not something that we can afford. One of the things US does is the mousing of all cattle before they go in the ring. McKnight wanted to know why we take American rules and enforce them more tightly in Canada.

(i) ABIC – February Board meeting:

Smith spoke to the Board about whether we want to go up to Red Deer for the Alberta Beef Industry Conference this year. We would have to have our Board meeting on Wednesday February 20th. In the past the ABIC Trade Show was on Friday and Saturday, this year they will have it on Thursday and Friday. ABP has sponsored a booth in the trade show. Boake would like to have a double booth at the main entrance to welcome people into the Trade Show.

Motion by Butters/Carey:

“That Alberta Beef Producers have their Board of Directors meeting in Red Deer on Wednesday February 20, 2008 in conjunction with the Alberta Beef Industry Conference and Trade Show.”

Carried

(j) SARL Meeting:

Butters explained to the Board that the sponsorship fee for two people to attend the State Agriculture and Rural Leaders Summit (SARL) is \$5000. The \$5000 fee was paid by the Executive for the 2007 Summit in Washington. Butters attended the conference last year and found that it was very beneficial. Though we have the opportunity to sit on the Board, Alberta Agriculture and Food staff have suggested that we do not pursue this at this time. Butters said that they could look into the opportunity when he is down there.

Motion by McKnight/Panrucker:

“That Alberta Beef Producers send two representatives to the State Agriculture Rural Leaders Summit in St. Louis, Missouri from January 18 – 20, 2008.”

Carried

5. In Camera Session

6. Items for Discussion

(a) ABP Plan Review:

Waller handed out a document with the summary and notes from the August 30th meeting. They will be distributed to the producers and put on the website. Waller asked that the Directors bring this to the producer's attention and encourage them to fill out the questionnaire. The people on the working group have a definite point of view but we also need feedback from the producers on what they think about the issues. If you want copies for your zone meetings we can mail it out to them. There will be regional plan review meetings. The AGM will have a discussion on the Plan Review. In January we will have to make decisions on what we will be doing. It was agreed that it was not realistic to have the regional meetings before the AGM.

(b) CCIA Direction:

Butters was hoping to have a meeting at lunch with Primrose, Saretsky, McKnight and Waller about CCIA. Primrose is not here today but they will try to meet anyway and come back to the Board after lunch.

(c) Fall Calf Price Article:

Highmoor spoke about the 1-page handout on reasons why calf prices are not higher this fall. Highmoor/Smith noted they were considering distributing this article to producers (via the fall meetings, website, etc.) and they wanted the Boards opinion on this idea. Boake asked if it could be added to the Auction Mart website. Carey said that it is a good piece of work but is not sure if it should be distributed. Most delegates agreed that it would be beneficial to distribute this article at the fall meetings. Smith asked if we should send it out to all of the delegates as well. Olson asked Highmoor if it would be better to add a graph showing the price of barley and the value of the Canadian dollar. Israelson suggested that a graph be added to the paper showing the price of fed cattle with barley and the Canadian dollar. There was a general consensus that we send out copies of the document to the zone meetings as well as to the delegates. The Board discussed the various factors influencing the price of cattle and that we need to bring this information to the fall meetings for the producers. We also need to try and show to the producers the amount of time that is spent chasing politicians.

(d) MAPA Review – Industry Governance Group:

Butters has been invited to Government House in Edmonton to the Marketing of Agricultural Products Act meeting. He was not allowed to send a substitute or bring anyone else. Butters will attend and will be asking the Board for any advice they may have. Waller has questioned the government on the composition of the working groups.

(e) Cattle Marketings/Committee Budgets:

This was addressed during a previous discussion.

(f) Ottawa Fly-In:

Butters explained that the week before the AGM some Board members and Executive members will be flying to Ottawa.

(g) U.S. State Meetings:

Butters will be going to Washington but they need someone to attend the other meetings. Montana is the same week as the AGM. Olson will be going to Montana but if anyone else would like to attend they can.

(h) Rural Matters Symposium:

Steven Carr spoke to the Board about the symposium. It is a symposium in regards to Rural Matters, to discuss current rural, northern and remote community issues and to develop a rural policy in regards to government, infrastructure, environment and economy. It is also a place for people to network with other communities and government representatives. Carr states that this is a national interest and not focused on Alberta. Fenton says that the Promo committee were not really interested in this symposium.

Motion by Olson/McLean:

“That the Alberta Beef Producers agree to decline the Rural Matters Symposium sponsorship proposal.”

Carried

(i) Premiers Breakfast:

The Edmonton Chamber of Commerce will be holding their annual Premier's Breakfast in Edmonton that will be attended by the Edmonton mayor, business leaders government officials and others from throughout the province. In the past the Promo committee has not been impressed by the event. Fenton said that there was a very good turn out last year because it was Premier Klein's last breakfast, but the breakfast itself was very poorly done.

Motion by Panrucker/Carey:

“That the Alberta Beef Producers agree to decline the Premiers Breakfast sponsorship proposal.”

Carried

(j) Pure Bred Beef:

Panrucker brought the Boards attention to some graphs that she had provided regarding the decline in Canadian pure breeds.

(k) Beef Value Roundtable meeting:

Saretsky spoke about the Beef Value Roundtable that he attended during the last Board meeting. The main topic of discussion was SRM removal. Saretsky says that the costs for dealing with SRM under the enhanced feed ban for UTM cattle ranged from \$5.30 per head up to \$6.90 per head, while the cost for OTM cattle was \$12.45 up to \$14.80 per head.

The amount of material is 7.3 kilos on UTM cattle and 15.3 kilos on OTM cattle. The difference between government estimates of the enhanced feed barn costs and the real costs is about \$13 million. There is a very legitimate argument to make to the government for money to help processors deal with these extra costs. Saretsky believes that it demonstrates the enormous size of this problem for our industry. Theoretically the enhanced feed ban is supposed to run for 10 years and then we would hope to be free of BSE.

(l) Royalty Review:

Thiessen spoke to the Board about the oil company royalty review. He suggested that we also bring out the other side of the argument. They may lose jobs in the future but we are losing jobs now. Olson pointed out that one of our disadvantages is a producers costs. There was some disagreement with Board members about whether to talk about royalties. It was pointed out that oil companies do not have to pay royalties until their capital costs are recovered and the other industries are competing with that. The consensus of the Board was to leave the issue alone.

(m) Committee Reports:

(i) Government Affairs:

Eddleston stated that GA has not had a meeting since the last Board meeting but have had a number of conference calls. There was an ILC meeting and it was decided to hold the next ILC meeting on July 11th during the 2008 Stampede.

(ii) Cattle Feeder Council:

No report from CFC

(iii) Cattle Industry Council:

Saretsky spoke to the Board about what has been happening with CIC. He spoke about the transportation letter that was a part of the package. He said that one of the main topics was the concern over the price of the Canadian dollar. Bergen worked with Primrose on the letter to the CFIA. Saretsky said that Primrose was quite pleased with Bergen's contribution to the letter. Bergen said that a large piece of the letter was due to Chuck McLean.

(iv) Promotion:

Promo committee has been very busy. They have been working on a marketing plan which was approved at the last meeting. They are going ahead with three focus groups. The groups will be going ahead almost immediately and Fenton will be able to bring back information at the next meeting. Fenton accompanied the RanchERS when they went to Mexico in September. It was a very interesting time but very tiring. During a banquet

there was an opportunity for the guests to have their pictures taken with the Ranchers and almost everyone did.

(v) Public Affairs:

Sawyer says that PA has not met since the last Board meeting. There will be a conference call next week to get an agenda for the next PA meeting.

(vi) Producer Liaison:

Maser was not at the meeting. Boake says that there was a conference call and it was decided that the Semi-Annual meeting will be held at the Delta South Edmonton next year. Smith says that the website is coming along very well and Lori is working on getting proprietary rights to our website.

(vii) Technical:

Panrucker spoke to the Board from the handout that she had supplied for the Board package. There are five projects that Tech is involved with and we have been able to get matched funds for the first three by ALIDF. BCRC will match funds with TC for the fourth and fifth projects. Panrucker did bring the Boards attention to funding that is returned that the ABP in circumstances where the project has not gone forward or came in under budget. Panrucker was asking the Board to consider giving the money back to the Tech committee. Another point was why someone from the Tech committee does not sit on the ALIDF Board and why the person who does sit does not report to the Tech Committee. Butters explained that it is not the Boards decision entirely who sits on the ALIDF Board. Bergen spoke briefly about CABIDF.

(viii) ABQSH:

Boake informed the Board that she has brought the medical course books that the Board was interested in receiving. Anyone who is interested can hold a workshop and if anyone wants more information they can contact Eileen. Smith says that he received a request from ABQSH for space on our website so that there contractors, who work from home, can have access to there information.

DIRECTION to Smith to meet with Andre and discuss the cost of QSH piggy-backing there database onto ours.

(xi) BIC:

Mike Cook was not in attendance.

(x) CIC:

Information covered earlier.

(xi) LIS:

7. General Information

- (a) Board Resolution Table;
- (b) Beef Supply at a Glance;

8. Next Meeting Dates

- (a) Board Meeting – Thursday, Possible November 22nd or 29th depending on fall meetings schedule – Calgary (to be selected)
- (b) Annual General Meeting – December 9 – 12, 2007 – Calgary, Sheraton Cavalier Hotel

9. Adjournment

The meeting was adjourned on a motion by Kelly Olson at 3:50 p.m.

CHAIRMAN

GENERAL MANAGER