

MCEC NEWS

Manitoba Cattle Enhancement Council

FALL 2010

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St. Boniface Plant Update

Management team with international experience now driving plant forward

Keystone Processors Ltd. expected to begin decommissioning in preparation for upgrades

A management team with deep international experience has been hired to drive the plant forward through its start-up phase. The move is strongly supported by the Manitoba Cattle Enhancement Council, a major investor in the plant, which reiterates its continued focus and determination to bring new federally-inspected beef slaughtering and processing capacity back to the province.

Beginning in the summer of 2010, the Astana Group, led by Doug Cooper, has been working closely with plant management and MCEC to refine the plant's business plan. The Astana Group has extensive experience building, overhauling and running highly successful beef plants in both the United States and Uruguay.

The Astana team has strong connections to international buyers of premium beef products including in the Kosher market.

"Our main goal here is to bring profits back to Manitoba producers. We see eye to eye with the producers and the MCEC on that," said Doug Cooper, President and CEO of the Astana Group. "We are working to help fulfill that mandate by ensuring this plant will have adequate capital financing, be as efficient as possible and will deliver quality beef products reliably, day in and day out."

The Astana Group is responsible for securing private financing the plant requires to complete its upgrades and begin operations. The private financing will complement the \$17.5 million in support previously announced by the federal government and MCEC. The Astana Group will also oversee the expected decommissioning of parts of the old building in preparation for demolition and reconstruction.

"We've always known that getting a new beef plant up and running in

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With decades of international beef industry experience, the Astana Group is the new management team at the plant. From left: Christopher Heerin, Jack Jones Blengio, Butch Shadbolt, Jim Mitchell, Jim Heerin and CEO Doug Cooper. See page 2.

Building a solid future for Manitoba's beef producers

plant update *from page 1*

today's market is a major challenge. The Astana Group has the experience in both financing and operations to make this happen," said Kate Butler, MCEC Executive Director. "We're very pleased they are on board and we look forward to positive results from this relationship for the plant and for Manitoba cattle producers."

"MCEC recognized the need for more international beef marketing experience at the top," said Butler, noting that the Astana Group is now

managing all aspects of plant operations.

The plant will focus on processing premium beef products for niche markets internationally. The daily capacity is expected to be 250 head per day. While capacity could be expanded in the future, the lower capacity at start-up helps minimize business risks including supply associated with entering a highly competitive marketplace.

The plant's business plan has also been subjected to extensive and rigorous sensitivity analyses. The Astana Group

has projected how a wide variety of issues could impact the plant from volatile commodity markets to trade disruptions.

"We're entering a highly competitive market with very savvy international operators, so we have to be prepared for any eventuality," said Cooper. "This won't be a walk in the park. Based on our experience running a number of successful plants, we are confident in our plan and believe it offers a tremendous opportunity for this plant and for Manitoba cattle producers."

The Astana Group

R. Douglas Cooper

Doug Cooper is the President and CEO of Astana and was President of Global Protein Group, LLC (GPG) which operated beef processing and marketing facilities in Uruguay. Mr. Cooper has over 25 years of experience in specialty beef operations and marketing. Prior to his involvement with GPG, Mr. Cooper was a Founder, President and CEO of PM Beef Group. Under Mr. Cooper's leadership, PM Beef developed into an integrated beef company consisting of six business units, over 800 employees and annual sales in excess of US\$400 million. Mr. Cooper is a graduate of Virginia Tech, majoring in Animal Science. He has a Master's Degree in Animal Science from the University of Kentucky and has completed Post Graduate studies in Animal Science at Texas Tech University.

Jim Mitchell

Jim Mitchell has over 35 years of operational experience in the U.S. and South American meat packing industry. Previous to his role with the Astana Group, he was COO of Global Protein Group (GPG), which operated

beef processing and marketing facilities in Uruguay. Under his supervision, the plant capacity increased from 275 to 800 head per day in three years. Mr. Mitchell is a graduate of Oklahoma State University and a member of the Board of Directors of HyPlains Feedyards and the National Meat Association.

Juan Carlos Jones Blengio

Mr. Jones Blengio has extensive experience in the South American beef processing industry having managed multiple production facilities for the Marfrig Group that included cattle harvest and processing as well as cooked and packaged products.

Jim Heerin

Mr. Heerin has been involved in the food processing business in Latin America for 40 years. He was a Director and President of Sea Farms, International, a company operating 16,000 acres of shrimp farms and associated processing facilities in Central America. Sea Farms is a value-added processor of seafood for export to premium buyers in the United States and Europe.

George (Butch) Shadbolt

Mr. Shadbolt is President of Shadbolt Cattle Company, a cow and calf ranching operation located in Gordon, Nebraska. Previously, he was a member of the management team of Global Protein Group (GPG), which operated beef processing and marketing facilities in Uruguay. He is also a Founder and Board Member of Winner Circle Feedyard, located in Winner, South Dakota and a Board Member of Minatare Feedlot in Minatare, Nebraska.

Christopher Heerin

Mr. Heerin is the financial advisor to the Astana Group, and worked in this same capacity previously for the Global Protein Group (GPG), which operated beef processing and marketing facilities in Uruguay. Mr. Heerin is a Board Member of Prialto Outsourcing, a Central American outsourcing company, and a Director of Business Development & Sales for Alcatel Lucent. Previous roles include three years experience with the Capital Markets Group at the Royal Bank of Canada.

2009 Forum Report

Producers give MCEC direction for future

Expand beef plant capacity and help create new markets for MB beef

MCEC hosted the forum to hear from producers as it considered what should be included in its strategic plan for the next few years.

"The most important message we heard was that we are right to make federally-inspected plant capacity our priority," said Kate Butler, MCEC Executive Director. "But producers also told us we could have a role to play in building new markets and a strong brand for Manitoba beef."

The MCEC already has ties with the Manitoba Food Processors Association, said Butler, and in the future it could look at ways it can help the MFPA and others put some international polish on a Manitoba brand of beef. One avenue for this is for MCEC to continue to support the Buy Manitoba initiative, which recently received funding from the province.

Last year's forum featured keynote speakers such as former livestock industry consultants Charlie Gracey and Ted Bilyea. It also heard from Todd Churchill, a successful grass-fed and natural beef producer and marketer from Minnesota. After the speakers, forum participants were divided into groups and asked for their thoughts on a wide range of strategic planning issues for MCEC.

Differentiation between producers

Among the most important questions was whether MCEC should differentiate between producers who leave their levies in the MCEC investment fund and those who receive refunds. This point was debated at all the tables. Most agreed that there is merit in differentiating, because producers who support MCEC's investments should be in a position to benefit from them.

"In the end, most agreed that this is question of fairness," said Butler. "We have taken that to heart and are working with the province on the issue."

Other issues that received support at the forum included recommending MCEC continue to increase its visibility by holding a producer forum annually. Participants also said they'd like to see MCEC help stem the tide of producers leaving the business. One way to do that could be to help producers achieve financial independence by supporting education programs focused on improving quality and profitability. MCEC will regularly review whether these secondary priorities should be elevated in importance.

"We heard a lot of great ideas. Our priorities now are to stay focused on bringing new beef plant capacity online and to help build a Manitoba brand of beef," said Butler. "We also want to keep hearing from producers as we move forward."

The results of the Forum were used by MCEC to develop its new five year strategic plan. Completed in October, the council looks forward to implementing the plan and its mission statement: *To make strategic investments in beef processing, supported by marketing and research to enhance opportunities in the Manitoba cattle industry for the benefit of our producers.*



Join us at our second
Producer Forum

2010 PRODUCER FORUM

Re-building a Beef Processing Industry

MCEC's second Producer Forum will focus on discussing the attributes needed to bring a new beef packing plant successfully to market. We will also discuss how producers can take advantage of a new plant.

MCEC 2010 update: Join us to hear about MCEC's activities for 2010

Monday, December 6
1:00 p.m. to 5:00 p.m.

Victoria Inn, Brandon

Immediately prior to Grazing School
ADMISSION: FREE



Keynote Speaker: Jerry Bouma

Building Successful Value-based Beef Plants.

One of the principals of Toma and Bouma Management Consultants of Edmonton, Bouma has more than 25 years experience in the field of strategic planning, marketing management, training communications and research within the agri-food sector. A much sought after speaker on industry best practices, he is an expert on what it takes to build successful value-based beef processing facilities.

Also featuring: John Saunders, CEO, IMI Global

How Data Collection Is Changing Beef Production and Marketing.

Saunders is the founder of IMI Global, a leader in providing producers, feedyards, packers, processors and retailers with livestock verification and identification services that are critical to building confidence in meat products and to achieving a premium on cattle prices. The company's systems are used by thousands of ranchers who depend on its high quality verification solutions to succeed in an increasingly competitive global business.

New council members bring experience, enthusiasm and a vision for the future

MCEC is pleased to introduce our newest council members, Chuck Gall and David Wiens. Each has deep roots in their respective farming communities and knows the Manitoba cattle industry well. Both have years of experience and see the potential for expansion of beef processing in the province. They join Gaylene Dutchyshen, Albert Todosichuk, Kathleen Butler and Dr. Barry Todd in managing an industry fund to invest in and develop successful Manitoba-owned slaughter facilities.



Chuck Gall

Chuck Gall did not have a typical farm-life upbringing. Although his parents were originally farmers in Moosehorn,

Manitoba, they moved to Winnipeg to raise their family. Gall's father always held on to the dream that one day he would return to a life of farming. When Gall was in high school, his father fulfilled his dream and moved back to Moosehorn.

"I worked various jobs in the city during the week and then went out to the farm on the weekend to help my dad," says Gall. "It was during those weekends that I found my calling and my passion."

Following high school, Gall completed a diploma in Agriculture, purchased cattle and moved back with his own family to Moosehorn. He became very involved in the community and Area Development Boards. For years, he actively participated on the Board of Interlake Cattlemen's Co-op Association Ltd. and the Board of Moosehorn Co-op Ltd. He also pioneered and became Chairman of the first veterinarian district for the area, allowing surrounding rural communities to have proper veterinarian services.

During his years on the Boards, Gall developed strong ties with the farming communities and a vision of success for the future of farming in Manitoba, that he hopes to contribute to MCEC. "I strongly believe in the MCEC's

mandate to enhance cattle production in Manitoba because being proactive is key," says Gall. "To make things happen, you need patience and determination, or in my case, stubbornness, as my wife likes to say."

Gall's 25-year-old son David, has decided to follow in his father's footsteps and become a farmer. This only furthers Gall's determination to provide a hopeful future for young farmers.

"I've been a farmer for 40 years and I've seen the ups and downs in the Manitoba cattle industry," says Gall. "That's why the work MCEC is doing is so important. In the short time I've been involved, I've seen that the people there are so dedicated and I appreciate that not only as a farmer, but as a family man too. I only hope that I can do the same for other farmers in Manitoba."



David Wiens

David Wiens is a third generation dairy farmer living near Grunthal, Manitoba. He is passionate about advancing the cattle

industry in Manitoba and hopes to bring his years of experience not only on the farm, but also in the industry to MCEC.

"I've had a lot of experience looking at issues from a broader industry perspective and I see that there are great opportunities here for Manitoba's cattle industry," says Wiens. "Participating on the MCEC board is a chance to help expand and enhance processing in the province and be part of something that can greatly benefit the cattle industry in Manitoba as a whole."

Wiens and his brother Charles own 1,700 acres of crops and approximately 230 cows. "I've been a farmer most of my life," says Wiens. "This is the farm I grew up on, that we started together with my dad."

Wiens has also been actively involved in the cattle industry for many years. He has chaired the Dairy Farmers of Manitoba since 2006 and has been involved with the organization since 1995. He is also currently on the Dairy Farmers of Canada Board, where he chaired the promotion

committee for three years and represented all dairy producers in Canada. The promotion committee helped to create awareness in Canada for the nutrition and benefits of dairy products, such as the popular Got Milk Campaign.

"Dairy is very much a part of the cattle industry in Manitoba," says Wiens. "All the milk produced in Manitoba is processed in Manitoba and I think that's what needs to be done on the cattle side as well. We've seen how vulnerable we can be when we have very limited processing capacity in the province. MCEC is trying to create opportunities for greater stability and security in the cattle industry."

Manitoba scores additional SIP funding

In addition to the conditional funding announced last year for the Keystone Processors Ltd. project, Manitoba has also won additional support of the federal government's Slaughter Improvement Program.

Blumenort, Manitoba's Country Meat and Sausage's application under the program was also approved. The company applied for funding to help it add beef processing to its already popular pork operations. Country Meat and Sausage says it plans to become a federally-certified beef slaughtering and processing plant.

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