

Feeder Associations

New Regulations and Documents

TRAINING MATERIALS

SESSION 1

INTRODUCTION

SESSION 2

MEMBER SIGN UP

SESSION 3

PRIORITY SECURITY INTEREST

SESSION 4

SUPPLYING LIVESTOCK AND EQUITY

ADVANCES

SESSION 5

SELLING LIVESTOCK

Feeder Associations

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Documents

SESSION 1

INTRODUCTION

Introduction

- Facilitators Introductions

Dale Engstrom

Jeff Presley

- Ice breaker – Interview and Introduction

- Three Questions

- Name, Association and position
- Years of Experience
- Full or part time employment
- Most famous relative--

Housekeeping

- Have you signed in?
- Have you turned off your cell phone?
- Breaks
 - Every hour (at least)
 - Washroom breaks at leisure
 - Coffee and meals are supplied on site.

Questions

- Feel free to ask questions at all times.
- We are hear to help you learn the new procedures –not argue about the new regulations.
- Parking Lot Comments/ Questions
 - Make note of all suggestions, comments and questions for future consideration.

New Regulations and New Documents

- ◎ Reg Schmidt – GM – Feeder Associations of Alberta
 - Process began in 2006
 - Many new concepts discussed
 - equity advances, draw on partial sale, higher limits, corporate membership and others

New Regulations and New Documents

- Each new concept increased risk to members, the coop and the guarantee
- Provincial board together with Ab. Agriculture realized amendments were not enough!

The New Act

- Bill 8 was passed in April 2009 (enabling)
- The regulations were developed with extensive consultations with all stakeholders
- Lengthy process - but will change the day to day operations of a Feeder Association and better serve our members!

Interview With Brian Kaliei

Miller Thomson LLP

WHY??

- ⦿ The lending industry has changed- we need to catch up. (PPR Registration and Priorities)
- ⦿ Priority issues with competing lenders has been a weakness; caused 2 associations to spend \$50k+ in legal fees to defend cattle that were supposed to be theirs!

WHY??

- ◎ The new features (higher limits and equity advances) increase risks to your association-
new documents cover these risks
- ◎ Business with farm corporations (and other entities) are new and need to be done correctly

The Process

- ◎ FAA Board and Brian Kaliel agreed on 3 main goals of a redesigned program:
 1. Make the program more secure for members and the coops as the new options increase risks
 2. Reduce risk, specifically in regards to priorities and competing lender security
 3. Reduce the amount of member and administrator interaction on normal day to day transactions

New Documents

- ⦿ Kaliel has developed numerous documents that he has researched and designed to be legally sound yet practical for Feeder Associations to use
- ⦿ The documents are “in depth” and complex (member startup) however only need to be signed only once

New Documents

- ◎ This opens the door to a simplified day to day process. Pre-signed “Supply Forms” with “Promissory Notes” are allowed – thanks to the well written “Member Agreement”

The Transition

- ⦿ All members will have to sign the new documents and obtain priority agreements
- ⦿ Suggest you start with members who buy cattle year-around and then grass cattle buyers, and so on
- ⦿ All members must be “signed up” before purchasing cattle after Feb. 1 2012

Objectives For Training Sessions

Understanding the process and documentation required for the new Feeder Associations Guarantee Act Regulation.

Overview of Sessions

- Member sign up
- Security over Livestock
- Supplying Livestock
- Selling Livestock
- Help Desk

Closing Recap

It is not as difficult as it looks!

Process Recap (Individual)

1. Sign Up

- Member Information (Form 1)
- Personal Information and Privacy (Form 2)
- Member Agreement (Form 3)

Process Recap (Individual)

2. Security over Livestock Supplied

- ⦿ Register Financial Interest (Form 7)
- ⦿ Search for Competing Financial Interests (Form 19)
- ⦿ Obtain Priority over Competing Interests (Form 9) - if needed

Process Recap (Individual)

3. Supply Livestock to the Member

- ⦿ Livestock Supply Form (Form 12)
- ⦿ 3rd Party Purchases – clear title
 - Search for Financial Interest
 - Obtain Security Interest Waiver if needed
- ⦿ Provide Equity Loans (Form 14)
 - if approved by Local Board

HELP!

- FAA office provides all services for searching and registering PPR and searching Bank Act security
- FAA office can assist with interpretation of search results
- A part of this training is a new “Help Line” that will answer questions and support the transition to the new system

FAQ's

- What if we already have a priority agreement from our member on file?
- We have already registered our member on PPR-do it again?
- Do we have to allow farm corporations into our association?
- Do we have to do equity advances?
- Others??