



California Citrus Nursery Board

MINUTES OF MEETING

December 13, 2017

Visalia, California

CDFA Economist Kacie Fritz called a meeting of the California Citrus Nursery Board to order at 10:43 a.m. on Wednesday, December 13, 2017 at the Wyndham Hotel in Visalia, California. Roll was taken, showing a quorum was present with the following in attendance:

Members

Don Dillon
Robert LoBue
Jose Lima
Tom Mulholland
Erick Valle

Alternates

CJ Buxman*
Jackie Maxwell

Staff

JD Allen, Assistant Manager
John Gilstrap, Manager

CDFA

Kacie Fritz

*Voting in lieu of member

Election of Officers

Fritz opened the floor for nominations for Chairman, and Mulholland nominated Dillon, with a second from Lima. Fritz asked for additional nominations and hearing none she called for a vote.

Board Action 12-13-17-1 Dillion was unanimously elected as Chairman of the California Citrus Nursery Board, with nobody abstaining.

Fritz then asked for nominations for Vice Chairman and Dillon nominated Mulholland which was seconded by LoBue. Hearing no further nominations Fritz called for a vote.

Board Action 12-13-17-2 Mulholland was unanimously elected Vice Chairman of the California Citrus Nursery Board, with nobody abstaining.

Fritz then passed the gavel to Dillon.

Consideration of the Minutes

On a motion by Mulholland and second by LoBue, the minutes of December 13, 2016 were unanimously approved.

Public Comments

There was nobody present from the general public.

Financial Report

Gilstrap reviewed the financial report (Exhibit A), and after a line by line review Lima inquired about the website. Gilstrap explained that the Education Committee had made a couple attempts to make the website into a more valuable tool for the industry. The Committee had looked for someone with expertise in both website management and citrus nurseries operations and at one point contracted with someone to provide the needed work. Unfortunately the person hired did not do any work and was not paid. Mulholland expressed concern that research reports and meeting minutes had not been updated on the website for some time, and Gilstrap admitted he had been deficient in that area, and promised to send the updates to the website manager.

Gilstrap reminded the Board that a large carryover was necessary since the assessments for 2017 which will be received in January, must fund the activities of the Board for an entire year until 2018 assessments are received in January of 2019. Gilstrap told the Board that this method is somewhat unusual, and most Marketing Orders require payment when a commodity is shipped.

Gilstrap said that the Board should anticipate an increase in research costs going forward due to an upcoming agreement between CDFA and the UC and CSU systems to pay overhead on research contracts. Gilstrap added that board managers and directors were still making a case that the Marketing Orders should remain exempt from overhead costs as they have been historically, and there was still a good chance that commodity boards would be exempt from the overhead agreement. Fritz agreed there was a chance but, was a bit less enthusiastic.

Research Committee Report

Dillon said the Research Committee had met the previous week and heard presentations on all of the proposals which were submitted to the committee, distributed to the Board, and are available at the Board office. He referred the Board to the 2018 Research Proposal page (Exhibit B) provided in the meeting packet. Dillon gave a brief description of each project and explained the reason for the Committee's recommendation in each case. Other Committee members added their own thoughts and answered some of the questions asked by the Board. Dillon said the 2018 cost of the projects recommended by the Committee came to \$202,279 for research, and \$45,423 in support of a Staff Research Assistant at the Lindcove Research Center, for a total of \$247,702. Gilstrap said the total recommended fit within acceptable 2018 budget parameters.

Dillon made a point to say that the Committee was particularly pleased to recommend the project by Brar, because he was from a university (Fresno State) not currently represented in our research projects, and he was doing work on lighting which was unique. This led to a discussion of how to get proposals on other topics and Gilstrap reviewed with the Board the process of determining research priorities and sending out RFP's.

Board Action 12-13-17-3 Mulholland moved, with a second by Buxman, to accept the recommendations made by the Research Committee as listed in Exhibit B.

MOTION CARRIED UNANIMOUSLY WITH 0 ABSTAINMENTS

Dillon also commented on the completed projects. The Lieth project was generally considered to be a bit of a waste. The Committee understood at the beginning of the project that Lieth's background was in ornamentals and there was a learning curve involved regarding what would be applicable in a citrus nursery. Lieth's project was also plagued by labor problems and communication issues.

Dillon and the other Committee members were very pleased with the information provided by McCollum regarding minimum time of psyllid exposure necessary to transfer the HLB virus to a plant. More study in this area could greatly influence CDFA/USDA protocol for handling a screen breach.

Budget Worksheet

Gilstrap went through his estimated final expenses and expenditures for 2017, and his suggested budget for 2018 (Exhibit C). He said the projected revenue was based on responses from nurseries in November which asked them to estimate both their 2017 and 2018 assessments. Gilstrap said most of the anticipated expenses are very similar to the 2017 budget with just a few exceptions including a reduction in research spending. He explained that Monfort Management was asking for an increase of \$888 (Exhibit D) over the course of the year which is an increase of approximately 2.5%. He also asked the Board to reaffirm that the Research Committee would have the authority to spend the funds in the research reserve, and reminded the Board that Board policy gives the Education Committee the authority to spend the Education Budget.

At this point, Gilstrap and Allen left the room so the Monfort proposal could be discussed. Upon returning the Board said they would approve the budget with the requested increase but emphasized that the website must be kept current, and ask Gilstrap to increase the level of communication with the Board.

Board Action 12-13-17-4 Buxman moved with a second from Mulholland, to give the Research Committee the authority to spend the research reserve (acct #513)

MOTION CARRIED UNANIMOUSLY WITH 0 ABSTAINIONS

Annual Resolutions

Resolution A – Crop Estimate and Rate of Assessment

WHEREAS, the California Citrus Nursery Board provides that the Board recommend a rate of assessment for each marketing season, and

WHEREAS, the Board has estimated a crop value of \$37,700,000 to be produced in the 2018 season, and

WHEREAS, the Board has considered the estimated expenditures in its preliminary 2018 budget,

BE IT RESOLVED that the Board recommend to the Secretary that the assessment rate for the period January 1, 2018 thru December 31, 2018 be one percent (1.0 percent) of the first sale of propagated citrus.

Resolution B— Retaining Monfort Management Services

WHEREAS, Monfort Management Services, Inc. has provided the necessary office facilities and staff services, and the Board Manager has performed in a satisfactory manner, and

WHEREAS, Monfort Management staff members are also involved in the management of other advisory boards or commissions, which allows MMS, Inc. to minimize the expenses of the involved board by the sharing of such expense items as multi-purpose trips, memberships, subscriptions, or certain purchases.

THEREFORE BE IT RESOLVED that the Board approve the retention of Monfort Management Services, Inc. for the 2018 Marketing Season for a total amount of \$36,552, with the Board to be billed in twelve equal monthly installments of \$3,046, which shall cover the following:

1. The services of John Gilstrap as Board Manager and J.D. Allen as Assistant Manager,
2. The services of MMS's secretarial, bookkeeping and clerical staff on an as-needed basis, and
3. The furnishing of office space, utilities, phone equipment, postage meter, mailing system, computers, printers and other miscellaneous equipment, and

BE IT FURTHER RESOLVED that when appropriate opportunities arise for cost-sharing with the other boards managed by Monfort Management Services, Inc., an officer of MMS, Inc. be authorized to pro-rate such shared costs based on a suitable formula calculated to distribute the costs according to the benefit derived by each board involved. This distribution may be on an equal basis, a percentage of usage basis, or according to the direct benefit obtained by each board, based on such things as the time spent on a trip.

BE IT FURTHER RESOLVED that the Board recommend that the Department approve establishing a contractual relationship between the Board and Monfort Management covering the provision of the aforementioned services and facilities, and that the Board Chairman be authorized to sign said contract, and approve the appropriate invoices involved on behalf of the Board.

Resolution C – 2018 Preliminary Budget

WHEREAS, it is estimated that there will be a carry-over of \$605,800 from the Board's 2017 budget, and

WHEREAS, the attached preliminary budget (Exhibit E) reflects estimated income and expenditures for the 2018 marketing season,

BE IT RESOLVED that the Board recommend the approval by the Department of Food and Agriculture of the attached preliminary budget and authorization of the transfer of the estimated carry-over to the 2018 budget.

Resolution D – Retaining Borchardt, Corona, and Faeth.

WHEREAS, the Department of Food and Agriculture has developed a plan whereby Advisory Boards are to have the Board's annual financial audit and fiscal and compliance audit for the 2017 fiscal year, and

WHEREAS, the Department's policy allows Certified Public Auditing firms to complete the Audit along with their annual fiscal audits, and

WHEREAS, the firm of Borchardt, Corona and Faeth has been contracting to do the California Citrus Nursery Board's fiscal audit for the past several years,

THEREFORE BE IT RESOLVED that the Board allow Monfort Management Services to contract with Borchardt, Corona and Faeth to do the Board's annual fiscal and compliance audit for the 2017 fiscal year.

A question came up about the auditors and Gilstrap explained that the Board gets a very good deal because they are able to audit 2 or 3 boards at one time while at the Monfort offices. Gilstrap said that managers of other Marketing Orders are envious of the audit cost for the Citrus Nursery Board. Fritz confirmed that other boards of similar size have costs that are nearly twice as high. She added that at some point the Board would need to put out an RFP for auditing services but, the Board was not obligated to do business with the lowest bidder.

Board Action 12-13-17-5 Lima moved with a second by Mulholland to adopt Resolutions A through D.

MOTION CARRIED UNANIMOUSLY WITH 0 ABSTAINIONS

Board Vacancies

Fritz mentioned that even after the recent nomination meetings, the Board still had one vacancy. She said some members had suggested that due to consolidation in the industry, it might be time to reduce the size of the Board. The Board currently has positions for 7 members (3 alternates) and a Public Member. The 8 positions mean that 5 are needed for a quorum. By reducing the number to 6 members and 1 public member, it would reduce the quorum to 4 while changing very little since the Board seems to have a problem filling the final roster spot.

Fritz said a reduction in roster size could be accomplished through a minor amendment, and the Board asked Gilstrap to arrange a conference call in the near future to vote on changing the size of the Board.

Fritz said all of the nominees from the recent nomination meetings had been appointed to the Board but, a public member still needed to be nominated.

Board Action 12-13-17-6 Buxman moved with a second by Valle, that the Board nominate Robert LoBue to continue as a Public Member, and Jackie Maxwell to continue as his Alternate.

MOTION CARRIED UNANIMOUSLY WITH 0 ABSTAINATIONS

Other Business

Fritz stated that new research contracts approved by CDFA would need to be used for the 2018 projects. Gilstrap explained to the Board that one of the major differences required the researchers to invoice the Board monthly and account for the costs differently than they are currently doing it.

Dillon said that he had recently become aware of some new quarantine regulations and asked if any of the other nurserymen had been made aware of the new regulations? The response from the group seemed to indicate that growing operations had been informed while pure nursery operations may have been overlooked. Gilstrap said he would follow-up with CDFA to see what happened and what could be done to correct the issue going forward. Dillon was also concerned about the small time frame for public comments and the procedure to request a hearing.

There being no further business the meeting was adjourned at 1:24 p.m.

I, John Gilstrap, Manager of the California Citrus Nursery Board, do hereby certify that to the best of my knowledge, the foregoing is a true and correct copy of the minutes of a meeting of the California Citrus Nursery Board held in Visalia, California on December 13, 2017.



John Gilstrap, Manager



CITRUS NURSERY BOARD

FISCAL YEAR ENDING 12/31/17

November 30, 2017

INCOME	CARRYOVER	597,988	
	BUDGET	YTD	BALANCE
35-110 Current	375,000	-	375,000
35-111 Prior	-	-	-
35-120 Interest Income	3,300	3,556	(256)
35-140 Other Income	-	-	-
TOTAL INCOME	378,300	3,556	374,744

EXPENSES			
35-305 Management Services	35,664	32,692	2,972
35-315 Audits	3,000	3,000	-
35-320 Office Supplies	500	285	215
35-330 Telephone	900	481	419
35-335 Postage	300	176	124
35-355 Travel & Mileage	2,000	706	1,294
35-360 Meetings	4,000	56	3,944
35-365 Annual Report	100	-	100
35-370 Insurance	500	447	53
35-390 Miscellaneous	200	40	160
35-392 Website	1,425	1,425	-
35-403 Educational Programs	25,000	-	25,000
35-510 Research	240,361	216,325	24,036
35-511 Disease Testing Subsidy	52,800	47,520	5,280
35-513 Production Research Reserve	10,000	-	10,000
35-710 Marketing Branch	15,000	9,005	5,996
35-711 Market Enforcement Branch	-	-	-
TOTAL EXPENSES	391,750	312,157	79,593

NET INCOME	\$ (308,601)
CASH BALANCE	<u>\$ 289,386</u>



CALIFORNIA CITRUS NURSERY BOARD

2018 Research Proposals

CONTINUING PROJECTS					
	Researcher	Project Title	2017 Funding	2018 Request	2018 Recommend
1	Grafton-Cardwell	Tristeza Indexing (ongoing)	10,416	11,881	11,881
2	McCollum	Early Detection of HLB Following Infestation with ACP	33,505	Complete	Complete
3	Lieth	Optimization of Citrus Nursery Production in Screened Houses (year 4 of 4)	used prior funds	Complete	Complete
4	Vidalakis	Staff Research Associate (ongoing)	*52,800	*45,423	*45,423
5	Vidalakis, Osman	Implementation of High Throughput Diagnostic System (year 5 of 5)	75,000	62,840	62,840
6	Vidalakis	Citrus Nursery Stock Pest Cleanliness Program...(ongoing)	27,590	28,772	28,772
7	Ramadugu	Development of Rapid, Field-Deployable Diagnostic Assays for...	50,000	Complete	Complete
8	Lavagi	Optimizing the timing and plant introduction of transmissible... (2 of 5-7)	2,200	13,346	13,346
9	Yokomi	Improved sensitive detection of HLB and citrus stubborn pathogens... (2 of 2)	41,650	47,882	47,882
SUBTOTAL CONTINUING PROJECTS			293,161	210,144	210,144

NEW PROPOSALS					
	Researcher	Project Title	2018 Request	2018 Recommend	
10	Ramadugu	Dev. of diagnostic lateral flow immunoassays... (1 of 3)	50,000	-0-	-0-
11	Hailing Jin	Application of citrus-derived antimicrobial peptides for controlling HLB (year 1 of 2)	55,466	-0-	-0-
12	Brar	Overcoming citrus growth issues by using Smart Lighting... (year 1 of 2)	37,558	37,558	37,558
SUBTOTAL NEW PROPOSALS			143,024	37,558	37,558
TOTAL REQUESTED			360,275	247,702	247,702
2018 TOTAL RECOMMENDATION			\$247,702		

*Paid from acct# 511. Not part of the research budget. Total recommendation \$45,423 in account #511, \$202,279 in account #510



California Citrus Nursery Board 2018 Budget Worksheet



	<i>Estimated Income</i>	<i>YTD</i>	<i>Estimated Final 2017</i>	<i>Estimated Income 2018</i>	<i>2018 Budget Adjustments</i>
	Carryover Funds	597,988	597,988	605,800	
	Interest	3,556	3,900	4,000	
	Assessments				
	2017 @1%	-0-	352,000		
	2018 @1%	-0-		377,000	
	Total Estimated Income	601,544	\$953,888	\$986,800	

<i>Acct. Code</i>	<i>Accounts</i>	<i>Operating Expenses</i>			
		<i>YTD Through 11/30/17</i>	<i>Estimated Final 2017</i>	<i>Proposed 2018</i>	<i>2018 Budget Adjustments</i>
305	Management Services	29,720	35,664	36,552	
315	Audits	3,000	3,000	3,250	
320	Office Supplies	281	350	400	
330	Telephone	438	500	500	
335	Postage	176	176	250	
355	Travel and Mileage	706	775	1,500	
360	Meetings	56	950	2,000	
365	Annual Report	-0-	100	100	
370	Insurance	447	447	500	
390	Miscellaneous	40	40	200	
392	Website	1,325	1,425	1,425	
403	Education	-0-	-0-	25,000	
510	Research	216,325	240,361	202,279	
511	Disease Testing /SRA	47,520	52,800	45,423	
513	Research Reserve	-0-	-0-	10,000	
710	Marketing Branch	7,891	11,500	13,000	
	TOTAL OPERATING EXPENSE	307,925	\$348,088	\$342,379	

	Carryover Funds	*293,619	605,800	644,421	
	TOTAL EXPENSES & RESERVE		\$953,888	\$986,800	

*Cash balance as of 11-30-17



December 13, 2017

RE: Contractual Proposal to Provide Personnel,
Office Space and Equipment for the Management
of the California Citrus Nursery Board

Dear Board Members:

We are pleased to offer the continued services of Monfort Management Services, Inc. to manage the California Citrus Nursery Board for the fiscal year beginning January 1, 2018. We have enjoyed our working relationship with the Board and its officers and are proposing that the management contract be renewed for 2018. Our quotation for management and clerical service is based on continuing with the same services as supplied under the previous contract.

Proposal for Fiscal 2018

Monfort Management Services, Inc. agrees to furnish the services of John Gilstrap as Manager of your Board. To back John up, we offer the continued services of JD Allen as Assistant Manager. In addition, we agree to provide the usual office services, including office space, equipment, and additional personnel as needed during the contractual period.

The managerial duties and service shall include, but not necessarily be limited to the following: Conducting liaison with industry and contractors; scheduling and coordinating committee and Board meetings; preparing and distributing meeting notices, agendas and proceedings; compiling, editing and distributing annual, interim and informational reports; processing proposals and preparing contracts, payables and travel claims; maintaining the necessary industry mailing lists for proper communication with industry members; collecting assessments and maintaining proper records so handlers can be audited on a regular and systematic basis; banking, investing and disbursing Board funds according to the Board's budget and instructions; conducting correspondence; maintaining adequate records and files; and travel as required by the above activities.

Services of personnel and use of office space and equipment will be provided by Monfort Management Services, Inc. acting as an independent contractor operating under the Rules and Regulations of the California Department of Food and Agriculture for a total fee of \$36,552, payable monthly at a rate of \$3,046 which is an increase of \$888 (2.5%) over last year.

It is understood that:

The fee covers services of Monfort Management Services, Inc. personnel in whatever capacity and

to whatever extent needed without limits as to the amount of time involved to perform the functions described above.

The management services fee includes furnishing all standard office equipment as necessary with the exception of the photocopier. Photocopies will be billed at the rate of \$.05 each for black and \$.10 for color.

The fee covers the use of Monfort Management Services, Inc. telecommunications system for a private line for the Board. Monthly service charges for the private line are to be billed directly to the Board.

Office supplies used solely for the Board and all other operating and travel expenses, including rental of other than standard office equipment are not covered by the fee. They are to be paid for by the Board in accordance with its approved budget and the Rules and Regulations of the Department of Food and Agriculture.

Summary:

This proposal is based on our appraisal of your present requirements for personnel, space and equipment as indicated by information gathered during our previous period of management. We would prefer to continue our practice of having at least two members of our staff present at each Board or Committee meeting so that more than one person is acquainted with the Board's operations.

We are looking forward to the opportunity of continuing to serve your Board during the coming year.

Sincerely,



JD Allen
President

California Citrus Nursery Board

Preliminary Budget -- 2018 Marketing Year

INCOME

Carryover	\$ 605,800
Current year interest	4,000
Assessments: (estimated value of 2018 citrus nursery stock \$37,700,000)	
Current Rate: one percent	<u>377,000</u>
TOTAL INCOME & CARRYOVER	\$ 986,800

EXPENDITURES

Acct #	<i>Operating Expenses</i>	
305	Management Services	\$ 36,552
315	Audits	3,250
320	Office Supplies	400
330	Telephone	500
335	Postage	250
345	Dues & Sub.	00
355	Travel & Mileage	1,500
360	Meetings	2,000
365	Annual Report	100
370	Insurance & Bonds	500
390	Miscellaneous	200
392	Website	1,425
403	Education	25,000
510	Research	202,279
511	Disease Testing/Staff Research Asst.	45,423
513	Research Reserve	<u>10,000</u>
	Total Operating Expenses	\$ 329,379
	<i>Departmental Charges</i>	
710	Marketing Branch	<u>13,000</u>

TOTAL EXPENDITURES	\$ 342,379
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Unallocated Reserve	\$ 644,421
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TOTAL EXPENDITURES AND RESERVE	\$ 986,800
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