



California Citrus Nursery Board

MINUTES OF MEETING

December 19, 2018

Visalia, California

A meeting of the California Citrus Nursery Board was called to order by Chairman Don Dillon at 10:31 a.m. on Wednesday, December 19, 2018 at the Wyndham Hotel in Visalia, California. Roll was taken, showing a quorum was present with the following in attendance:

Members

Jessica Cesar

Don Dillon

John Gless

Robert LoBue

Jose Lima

Tom Mulholland

Erick Valle

Alternates

Jackie Maxwell

Guests

Leonard Massey

*Voting in lieu of member

Staff

JD Allen, Assistant Manager

John Gilstrap, Manager

CDFA

Dennis Manderfield

Consideration of the Minutes

On a motion by LoBue and second by Gless, the minutes of December 13, 2017 were unanimously approved.

Public Comments

There was nobody present from the general public wishing to comment.

Research Committee Report and Recommendations

Dillon directed the Board's attention to the Research Proposals Summary (Exhibit A), and Mulholland requested that the Board review each proposal one by one. Mulholland also asked why all of the proposals were not in the meeting packet, and Gilstrap explained that the proposals had all been distributed electronically to the Board. Mulholland requested that next year they all be printed in the meeting packet and Gilstrap said he would be happy to do so.

Dillon said Grafton-Cardwell had reported a jump in Tristeza infections at Lindcove from 4 in 2017 to 65 in 2018. This was the first significant increase in several years. Mulholland questioned whether the Board was the sole funding for this project, and wondered about whether the county does testing in orchards near the station? Dillon said he believes the Board is the only source of funding at Lindcove and was not sure what the county did near the station.

There was a brief discussion on the three Vidalakis projects, two of which are ongoing and one of which is in the 6th year of what was originally supposed to be a 5 year project. Vidalakis had told the Research Committee that a 6th and maybe a 7th year both at greatly reduced cost, would be necessary to wrap up the project due to the challenges in getting samples 3 times per year from 116 trees. He fully expects the testing to be turned over to CDFA within 2 years.

Dillon said Lavagi had reported to the Research Committee and fielded multiple questions about dwarfing and the Committee was satisfied with her work.

Dillon explained that both Yokomi and Brar had funds remaining and were only requesting no cost extensions (NCE) to spend funds already committed by the Board in the previous fiscal year. Gilstrap explained that a request for a NCE is very common because both the Board and the universities are governed by rules on how the money may be spent. Often projects carry over to another fiscal year which will then require a NCE to allow the money to be spent. Brar had explained to the Research Committee that due to a variety of obstacles he got started very late in 2018 and therefore had enough money to continue the work through 2019.

Dillon said the Research Committee was not recommending funding of the Croptix proposal for a variety of reasons including a feeling that Board money would be used to fund the R&D for a private company, who would then turn it into a project which would not be specifically aimed at benefitting nurseries. Mulholland said he thought the project warranted at least some participation from the Board.

The Jin project was discussed at length. Jin has found that Australian Finger Lime is resistant to HLB and has isolated a peptide responsible for the resistance. The project involves the development of a product which could cure trees infected with HLB. Some expressed concerns that it may be outside the normal reach of the Board to try to cure HLB, while others thought a cure would benefit the nurseries along with the entire California Citrus industry. Dillon reminded the Board that the project addresses the research priorities which are reviewed by the Research Committee each year prior to a request for proposals being distributed each fall.

Board Action 12-19-18-1 Mulholland moved, with a second from Gless, that the Board fund all continuing projects (1-7 on Exhibit A) as recommended by the Research Committee.

Motion Carried Unanimously with No Abstentions

Mulholland moved that the Board fund the proposal by Croptix in the amount of \$36,740. Due to lack of a second there was no action taken on this motion.

Board Action 12-19-18-2 Gless moved, with a second from Dillon, that the Board fund the proposal by Hailing Jin in the amount of \$57,833 as recommended by the Research Committee.

Motion Carried Unanimously with No Abstentions

Financial Report and Budget Worksheet

Gilstrap reviewed the financial report and budget worksheet (Exhibit B) and said that year to date all was as expected but noted that the Board had not spent anything on education for the past couple of years and encouraged the Board to come up with a research project. The Board discussed a few ideas including possibly funding high school interns and scholarship money to encourage entry into the nursery business. There was also some discussion about reducing the assessment rate but, the consensus seemed to be it would be better to come up with projects that benefit the industry. Gilstrap reminded the Board of some of the excellent projects of the past such as the seminar dealing with the move to protected structures, and an English/Spanish training video was produced to educate workers on the specifics of working in and around greenhouses and screenhouses. Gilstrap said the Board had budgeted \$25,000 for education each of the last several years but, could budget more if a suitable project was found.

Gilstrap went through his estimated final expenses and expenditures for 2018, and his suggested budget for 2019. He said the projected revenue was based on responses from nurseries in November which asked them to estimate both their 2018 and 2019 assessments. Gilstrap said most of the anticipated expenses are very similar to the 2018 budget but, research spending would be substantially less in 2019 than it was in 2018. He explained that Monfort Management was not asking for an increase and directed the Board to the Monfort Management Proposal (Exhibit C) in their meeting packet.

At this point, Gilstrap and Allen left the room so the Monfort proposal could be discussed.

After a short discussion, Gilstrap and Allen were asked back into the room and the Board considered the following resolutions.

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 \$36,600,000 to be produced in the 2019 season, and

WHEREAS, the Board has considered the estimated expenditures in its preliminary 2019 budget,

BE IT RESOLVED that the Board recommend to the Secretary that the assessment rate for the period January 1, 2019 thru December 31, 2019 be one percent (1.0 percent) of the first sale of propagated citrus.

Board Action 12-19-18-3 Gless moved, with a second by Lima, that the Board adopt Resolution A.
Motion Carried Unanimously with No Abstentions

Resolution B– Retaining Monfort Management Services for the 2019 Fiscal Year

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 2019 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.

Board Action 12-19-18-4 Mulholland moved, with a second by Lima, that the Board adopt Resolution B.
Motion Carried Unanimously with No Abstentions

Resolution C – 2019 Preliminary Budget

WHEREAS, it is estimated that there will be a carry-over of \$693,000 from the Board's 2018 budget, and

WHEREAS, the attached preliminary budget (Exhibit D) reflects estimated income and expenditures for the 2019 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 2019 budget.

Board Action 12-19-18-5 Gless moved, with a second from Cesar, that the Board adopt Resolution C.
Motion Carried Unanimously with No Abstentions

Resolution D – Financial and Compliance Audits

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 2018 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, Faeth, and Zakarian 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, Faeth, and Zakarian to do the Board's annual fiscal and compliance audits for the 2018 fiscal year.

Board Action 12-19-18-6 Mulholland moved with a second by Valle to adopt Resolutions D.

Motion Carried Unanimously with No Abstentions

Board Vacancies

Gilstrap pointed out that there was still one vacancy for a member, and 2 alternate vacancies.

Board Action 12-19-18-7 Valle moved, with a second from Lima, that Leonard Massey of Willts and Newcomb Nursery be nominated to fill the vacant Board Member position.

Motion Carried Unanimously with No Abstentions

Chairman Dillon named Leonard Massey to the Research Committee, and named Erick Valle to the Education Committee.

CDFA Report

Manderfield reported that an agreement had been reached between the UC and Cal State systems and CDFA which put off adding overhead to research contracts for at least 5 years. The UC system had been asking for overhead charges as high as 40%.

Manderfield said the Board can expect Marketing Branch charges to increase to make up for lost revenue due to Milk Board moving from a State organization to a National Board. Manderfield explained that certain fixed costs won't change with the loss of revenue.

Other Business

The Board discussed the project to save the Tibbets Tree in downtown Riverside. Several members commented that loss of the tree would be detrimental to the Citrus Nursery industry due to the awareness the tree contributes to the history and importance of citrus to California.

Board Action 12-19-18-8 Mulhollan moved with a second by Lima, that pending approval of CDFA, the Board donate \$3,000 from the Education budget to the City of Riverside for the preservation of the Tibbets Tree .

Motion Carried Unanimously with No Abstentions

There being no further business the meeting was adjourned at 12:42 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 19, 2018.



John Gilstrap, Manager



CALIFORNIA CITRUS NURSERY BOARD

2019 Research Proposals

CONTINUING PROJECTS

Researcher	Project Title	2018 Funding	2019 Request	2019 Recommend
1	Grafton-Cardwell	11,881	11,017	11,017
2	Vidalakis, Osman	62,840	29,455	29,455
3	Vidalakis	28,772	17,803	17,803
4	Vidalakis	*45,423	*46,867	*46,867
5	Lavagi	13,346	13,000	13,000
6	Yokomi	47,882	Complete	NCE
7	Brar	37,558	# -0-	NCE
SUBTOTAL CONTINUING PROJECTS		247,702	118,142	118,142

NEW PROPOSALS

Researcher	Project Title	2019 Request	2019 Recommend
8	Croptix	36,740	-0-
9	Jin	57,833	57,833
SUBTOTAL NEW PROPOSALS		94,573	57,833
TOTAL REQUESTED		212,715	175,975

2019 TOTAL RECOMMENDATION \$ 175,975

*Paid from acct# 511. Not part of the research budget.

#Brar will be requesting a no-cost extension because he still has money remaining, and he plans to request additional funding in 2020.



California Citrus Nursery Board 2019 Budget Worksheet



	<i>Estimated Income</i>	<i>2018 Budget</i>	<i>YTD</i>	<i>Estimated Final 2018</i>	<i>Estimated Income 2019</i>	<i>2019 Budget Adjustments</i>
	Carryover Funds	610,373	610,373	610,373	693,000	
	Interest	4,000	6,043	6,550	6,000	
	Assessments					
	2018 @1%	377,000	-0-	380,000		
	2019 @1%		-0-		366,000	
	Total Estimated Income	\$991,373	\$616,416	\$996,923	\$1,065,000	

<i>Acct. Code</i>	<i>Accounts</i>		<i>Operating Expenses</i>			
		<i>2018 Budget</i>	<i>YTD Through 11/30/18</i>	<i>Estimated Final 2018</i>	<i>Proposed 2019</i>	<i>2019 Budget Adjustments</i>
305	Management Services	36,552	33,506	36,552	36,552	
315	Audits	3,250	3,150	3,150	3,250	
320	Office Supplies	400	198	250	300	
330	Telephone	500	472	515	550	
335	Postage	250	104	150	200	
355	Travel and Mileage	1,500	58	100	1,000	
360	Meetings	2,000	23	650	2,000	
370	Insurance	500	367	367	500	
390	Miscellaneous	300	-0-	-0-	200	
392	Website	1,425	1,425	1,425	1,425	
403	Education	25,000	-0-	-0-	25,000	
510	Research	202,279	182,051	202,279	129,108	
511	Disease Testing /SRA	45,423	40,881	45,423	46,867	
513	Research Reserve	10,000	-0-	-0-	10,000	
710	Marketing Branch	13,000	10,965	13,000	16,000	
	TOTAL OPERATING EXPENSE	\$342,379	\$273,200	\$303,861	\$272,952	

	Carryover Funds	NA	NA	693,062	792,048	
	TOTAL EXPENSES & RESERVE			\$996,923	\$1,065,000	

Cash balance as of 12-12-18 = **\$345,240**



December 19, 2018

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, 2019. We have enjoyed our working relationship with the Board and its officers and are proposing that the management contract be renewed for 2019. Our quotation for management and clerical service is based on continuing with the same services as supplied under the previous contract.

Proposal for Fiscal 2019

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 the same as 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,

A handwritten signature in blue ink, appearing to read 'JD Allen', with a stylized flourish at the end.

JD Allen
President

California Citrus Nursery Board
Preliminary Budget -- 2019 Marketing Year

EXHIBIT D

INCOME

Carryover	\$ 693,000
Current year interest	6,000
Assessments: (estimated value of 2018 citrus nursery stock \$37,700,000) Current Rate: one percent	<u>366,000</u>
TOTAL INCOME & CARRYOVER	\$ 1,065,000

EXPENDITURES

Acct # Operating Expenses

305	Management Services	\$ 36,552
315	Audits	3,250
320	Office Supplies	300
330	Telephone	550
335	Postage	200
345	Dues & Sub.	00
355	Travel & Mileage	1,000
360	Meetings	2,000
370	Insurance & Bonds	500
390	Miscellaneous	200
392	Website	1,425
403	Education	25,000
510	Research	129,108
511	Disease Testing/Staff Research Asst.	46,867
513	Research Reserve	<u>10,000</u>
	Total Operating Expenses	\$ 256,952

Departmental Charges

710	Marketing Branch	<u>16,000</u>
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TOTAL EXPENDITURES	\$ 272,952
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Unallocated Reserve	\$ 792,048
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TOTAL EXPENDITURES AND RESERVE	\$1,065,000
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Approved Dec.19, 2018