

# Citrus Administrative Committee

## Minutes of Meeting

A meeting of the Citrus Administrative Committee was held on Tuesday, July 17, 2018 at the USDA Research Lab Auditorium, 2001 South Rock Road, Ft. Pierce.

Chairman George Hamner called the meeting to order and asked Mr. Chadwell to call the roll of members and alternates. Mr. Chadwell called the roll of members and alternates and reported 8 grower members and 7 shipper members and the public member alternate were present and seated. He reported there was a quorum.

The following members and alternates of the 2017-18 Citrus Administrative Committee were present and seated:

### Growers

John Husted, alternate - c  
Ellis Hunt, Jr., alternate - c  
Pete Marovich, alternate - c  
Julie Obney --c  
Rusty Banack  
Emma Exell, alternate - c  
Jon Marone, alternate  
Cody Estes, alternate

### Shippers

Melanie Ressler  
Gee Roe  
Tom Mitchell  
George F. Hamner, Jr.  
Paul Genke  
Frank M Hunt, III - c  
Dan Richey, alternate

### Public Member

Lisa Gaskalla, alternate -c

### Alternates present

Larry Black, alternate  
Alex Heller, alternate - c

Others Present:

Arthur B. Chadwell  
Doug Feek  
Peter Chaires  
Chris Nissan  
Quentin Roe  
Russell Kiger

Abigail Campos  
Jimmy Martin  
Derek Rogers  
Jimmy Johnson  
Michael Sallin  
Doug Bournique

Chairman Hamner asked if there were any additions or corrections to the minutes of the April 26, 2018,. There were no changes or corrections.

Mr. Richey moved seconded by Mr. Roe the minutes of the April 26, 2018 meeting be approved as distributed. The motion carried unanimously on a voice vote of the committee.

Chairman Hamner noted there was a vacancy on the committee as Mr. Bouldin was nominated to serve as a shipper member alternate but was no longer associated with the Florida citrus industry. He stated Russell Gravlee, Rio Citrus, Inc. had been contacted about serving and agreed to serve as a shipper alternate if nominated by committee.

Mr. Mitchell moved, seconded by Mr. Banack nominating Russell Gravlee be nominated as a shipper member alternate for the 2018-19 & 2019-20 seasons., The motion carried unanimously on a voice vote of the committee.

Chairman Hamner gave an update on the CAC Budget for the 2017-18 season..

“On June 29<sup>th</sup> the committee approved the 2017-18 budget based on regulated shipments of 8.6 million cartons and adopted an assessment rate of \$0.009 per regulated carton. The Executive Committee did discuss raising the assessment back in June but determined the \$0.009 rate would be sufficient due to projected fresh shipments at that time.

After Hurricane Irma, the committee on November 9, 2017 approved an increase in the assessment rate to \$0.02 per regulated carton due to the projected decline in fresh citrus shipments for the 2017-18 season.

As of June 30, 2018, fresh shipments total 8.67 million cartons with 7.52 million regulated cartons. Total budgeted expenses for the 2017-18 budget are \$132,000. Expenses for this season should be approximately \$122,000, an estimated decrease of about \$12,000. Given the \$124,040 carryover from the previous 2016-17 season, coupled with expected revenue of \$150,408 less projected expenses, the CAC should have approximately \$142,000 in carryover on August 1, 2018.”

Chairman Hamner asked if anyone had questions about the budget for the 2017-18 season.

Mr. Chadwell noted fresh shipments had exceeded the earlier projections after Hurricane Irma. He stated the increased assessment rate (\$0.02) coupled with the increased shipments have increased the carryover moving into the 2018-19 season.

Mr. Chadwell stated the third quarter financial report were sent out to all members and alternates for review. It said a motion for approval would be in order.

Mr. Black moved, seconded by Ms. Ressler the third quarter financial report be approved as distributed. The motion carried on a voice vote of the committee.

In the absence of Treasurer Raley, Chairman Hamner then reported the Executive Committee's recommendation on the proposed 2018-19 budget. He noted the Executive Committee had been sent the proposed budget and he had discussed it with each member of the Executive Committee. He stated the required assessment rate to adequately fund the committee for the upcoming 2018-19 season was reduced from \$0.02 to \$0.015 per regulated carton. The reduction was due to adequate reserves and a decline in the committee's budget moving forward. He discussed the fee for the Memorandum of Agreement (MOA) with the Florida Fruit & Vegetable Association (FFVA) to manage the CAC for the 2018-19 season. He also reviewed and discussed the fee for the MOA between Mr. Chadwell and the CAC. He stated the other items; manager travel, committee travel and the required annual audit were not part of the MOA with FFVA but were annual expenses for the CAC.

Mr. Chadwell noted the cost of administering Marketing Order 905 has been reduced over the last number of seasons and the trend should continue moving forward.

Chairman Hamner asked if there were any questions concerning the recommended proposed budget for the 2018-19 season. He asked if there were any additional comments or questions.

Mr. Chadwell noted over the past two seasons the discussions surrounding the management of the CAC also included discussions of the assessment rate. He said the \$0.015 rate had been the rate most often put forth as a targeted rate for the future. He noted the projected fresh shipments considered by the Executive Committee reflected an increase in regulated shipments to support a reduction in the assessment rate.

Mr. Richey moved, seconded by Mr. Genke that the assessment rate to set at \$0.15 for the 2018-19 season and the proposed 2018-19 season budget be approved as recommended by the Executive Committee.

Chairman Hamner asked if there were any other comments about the proposed budget and assessment rate. There being none, he called for a voice vote. The committee unanimously voted to approve the 2018-19 budget as presented.

Chairman Hamner reviewed the MOA along with Exhibits A, B & C for the administration of the CAC and Marketing Order 905 (905) for the 2018-19 season. He noted the committee had approved the concept of having the CAC-Marketing Order 905 administered by the Florida Fruit & Vegetable Association (FFVA) under a Memorandum of Agreement (MOA) during the November 9, 2017 Organizational Meeting and the Executive Committee has given their approval. He stated the MOA outlined the responsibilities of the Manager and the MOA was compliant with the requirements of 905. He also stated the USDA had reviewed the MOA and Exhibits and approved the language. He noted the monthly fee was \$7,980 (Exhibit C)

Mr. Chadwell noted there had been a number of back and forth revisions to ensure all the bases were covered. He also thanked the Southeast Marketing Field office of the USDA for their guidance and assistance during the past year.

Chairman Hamner stated this was a positive move for the committee and it was time to act.

Mr. Genke moved, seconded by Mr Mitchell the committee accept the recommendation of the Executive Committee and approve the MOA & Exhibits with FFVA. There being no further discussion, the motion was unanimously approved on a voice vote of the committee.

Chairman Hamner thanked the committee and Mr. Chadwell and Mr. Chaires for their input during the process. He then reported on the MOA with Mr. Chadwell. He noted over the past few months he had suggested to Mr. Chadwell a bridge contract or MOA would be beneficial to the CAC during the transition from Committee management to the MOA with FFVA. He stated there were a number of issues still up in the air and he felt Mr. Chadwell could assist in being them to closure. He stated this MOA was also recommended by the Executive Committee He noted the cost of this MOA would be \$3,500 per month ending on December 31, 2018 for a total cost of \$17,500.

Mr. Chadwell stated he was willing to work with the committee to help facilitate the transition.

Mr. Richey moved, seconded by Mr. Genke to approve the recommendation of the Executive Committee to approve the MOA with Mr. Chadwell.

Mr. Chadwell reviewed the recommended updates to the CAC By-Laws noting the only changes were in Article I the address of the CAC Office and in Article III the management under the MOA with FFVA.

Mr. Genke moved, seconded by Mr. Roe the committee accept the two changes to the CAC By-Laws as presented. The motion carried unanimously on a voice vote of the committee.

Chairman Hamner discussed the fresh fruit rule changes approved by the Florida Department of Citrus at their May 16, 2018 meeting. He thanked the Division of Fruit & Vegetables, Florida Department of Citrus and the Florida Citrus Packers for all the effort they put forth in updating the fresh fruit rules.

Mr. Chadwell noted he and Chairman Hamner worked with the group to ensure the changes were compatible with the marketing order regulations. He thanked Peter Chaires with the Florida Citrus Packers for taking the lead and making the much needed rule changes.

Chairman Hamner noted the ProPak Software project was very near completion and it would be operational prior to the beginning of the 2018-19 fresh fruit season. He stated the project had changed during the year of development but it was a good platform to build on for the future.

Mr. Chadwell gave some background information on how the registration of handlers had come about over the past five or six seasons and was approved by the committee on June 29, 2017. He noted there was no appeal process included in the package the committee approved. He suggested he work with Peter Chaires during the next few months to develop language to include an appeal process and then bring it to the committee for their consideration.

Mr. Chris Nissan stated the USDA would prefer to have language included to outline an appeal process. He thanked the committee for taking some additional time to develop appeal language to be included with the language previously approved by the committee..

Chairman Hamner agreed and suggested Mr. Chadwell and Mr. Chaires not only develop language for the handler registration package but look at other possible rule changes or amendments He briefly went over a few of his ideas that he and Mr. Chadwell had reviewed and discusses.

- reduce the number of grower and shipper members and alternates.
- reduce the number of members/alternates needed for a quorum.
- eliminate cooperative membership
- consolidate into two production districts
- change carton definition to allow more flexibility
- consider establishing additional tolerances for size and grades(includes maturity)

Mr. Chadwell noted these were some changes to the marketing order which could be addressed by informal to formal rule making in the future to better align the marketing order with the current state of the Florida fresh citrus industry.

Chairman Hamner followed up by stating he would appoint a subcommittee to work with Mr. Chadwell and Mr. Chaires. He noted any recommendations should be on the agenda for the 2018-19 Organizational Meeting in October.

Chairman Hamner asked if there was any additional business,

Chris Nissan asked for a few minutes to recognize Mr. Chadwell on his last official meeting as CAC Manager. He thanked Mr. Chadwell for his many years of service to the fresh citrus in Florida, the committee and his working relationship with his office and the USDA, He presented Mr. Chadwell with a plaque and letter from the USDA.

Mr. Chadwell thanked Chris and Abby. He thanked the committee for their support over the past 32 seasons.

There was no additional business.

Chairman Hamner thanked everyone for participating in the meeting and the next meeting would be at the call of the Chair and adjourned the meeting.