

**Citrus Administrative Committee**  
**September 29, 2021**  
**via Zoom 10:00 a.m.**

**BOARD PARTICIPATION:**

<b>GROWERS</b>					
<b>Affiliation</b>	<b>Member / Alternate</b>	<b>Fname</b>	<b>Lname</b>	<b>Yes</b>	<b>No</b>
Independent	<i>Member</i>	Cody	Estes		X
	<i>Alternate</i>	Rusty	Banack		X
Independent	<i>Member</i>	Tom	Hammond		√
	<i>Alternate</i>	Greg	Nelson		√
Independent	<i>Member</i>	Scott	Lambeth	√	
	<i>Alternate</i>	Griffin	Greene		X
Independent	<i>Member</i>	Jon	Marone		√
	<i>Alternate</i>	Tom	Jerkins		X
Independent	<i>Member</i>	Lee	Jones		√
	<i>Alternate</i>	Sam	Jones		X
Independent	<i>Member</i>	Ron	Mahan	√	
	<i>Alternate</i>	John	Paul	√	
Independent	<i>Member</i>	Ed	Pines		√
	<i>Alternate</i>	Anthony	Pascher		X
Cooperative	<i>Member</i>	Larry	Black		X
	<i>Alternate</i>	Jeff	Hancock	√	
Cooperative	<i>Member</i>	Lindsay	Raley, Jr.	√	
	<i>Alternate</i>	Ellis	Hunt		√

<b>SHIPPERS</b>					
<b>Affiliation</b>	<b>Member/ Alternate</b>	<b>Fname</b>	<b>Lname</b>	<b>Yes</b>	<b>No</b>
Independent	<i>Member</i>	Melanie	Ressler	√	
	<i>Alternate</i>	Jon	Arost		X
Independent	<i>Member</i>	Doug	Feek		X
	<i>Alternate</i>	Jordan	Feek		X
Independent	<i>Member</i>	Russell	Gravlee		X
	<i>Alternate</i>	Ed	Sheubrooks		X
Independent	<i>Member</i>	Rusty	Varn		X
	<i>Alternate</i>	George	Hamner	√	
Independent	<i>Member</i>	Dan	Richey	√	
	<i>Alternate</i>	Tom	Mitchell	√	
Independent	<i>Member</i>	Alex	Heller		X
	<i>Alternate</i>	Gee	Roe	√	
Cooperative	<i>Member</i>	Daniel	Hunt	√	
	<i>Alternate</i>	Frank	Hunt, III	√	
Cooperative	<i>Member</i>	Steven	Callaham	√	
	<i>Alternate</i>	Al	Finch		X
Public	<i>Member</i>	Duke	Chadwell	√	
	<i>Alternate</i>	Lisa	Gaskalla		X

John Paul seated for Ed Pines  
 Jeff Hancock seated for Larry Black  
 George Hamner seater for Rusty Varn  
 Tom Mitchell seated for Russ Gravlee  
 Gee Roe seated for Alex Heller

**GUESTS:**

Chris Nissen – USDA  
 Jennie Varela – USDA  
 Abigail Campus – USDA

**STAFF:**

Peter Chaires

Chairman Hamner called the meeting to Order and informed participants that the meeting was being recorded.

Mr. Chaires performed a roll call and confirmed the attainment of a quorum, including the requisite five grower members.

Ms. Varela confirmed that Jordan Feek was approved by the Secretary to serve as an Alternate for Doug Feek.

Mr. Lambeth made a motion, second by Mr. Chadwell, to approve the June 2, 2021 meeting minutes with the following revision: The minutes incorrectly state that the anticipated 2021/22 expenses will be \$191,499. This should show anticipated 2021/22 expenses as \$113,760. The Committee thanked Mr. Daniel Hunt for catching this error and the Motion was approved.

Chairman Hamner reviewed the 2020 Bylaw revision, increasing the term of office for officers to two years. He also reminded the Committee that the current slate of officers were elected to serve 2020/21 through 2021/22. This slate features: Chairman (George Hamner), Vice Chairman (Gee Roe), Secretary (Tom Mitchell) and Treasurer (Daniel Hunt).

Mr. Chaires provided an overview of the fruit that does not require inspection. Mr. Chaires provided an overview of the definition of fruit found in 905, as well as the further defined list of varieties. It was explained that some fruit, such as Pummelo and Sugar Belle, are covered by the order, but are not classified by the FDOC or regulated by the CAC and are therefore not inspected by the Division. Currently, the Division supplies data used for reporting purposes and assessments. It is the committee's responsibility to report movement of fruit covered by the order, and for which reporting and/or assessments have not been eliminated through a recommendation of the Committee and approval of the Secretary. Therefore, it is incumbent upon the Committee to develop and deploy a separate means of reporting and possibly assessing this fruit movement. Mr. Gee Roe informed the Committee that he contacted the larger Pummelo shippers, and they are unified in not wanting this fruit covered under the Order. Mr. Hamner, Ms. Varela and Mr. Chaires provided some background on the inclusion of Pummelo into the definition of fruit. Because breeding programs were backcrossing grapefruit with Pummelo in order to integrate disease tolerance into grapefruit-like material, it was initially determined that it would be desirable to have this fruit covered by the order. This would prevent grapefruit hybrids, indistinguishable from true grapefruit to the consumer, from entering the market under different standards or no standards. However, the focus was not to cover pure traditional Pummelo varieties. There was some confusion within the Committee as to whether it would be possible to cover grapefruit-like hybrids, but not cover traditional Pummelo. After some discussion, Chairman Hamner stated that he would appoint a sub-committee to study the issue and return with recommendations.

Mr. Chaires highlighted the Credit Card and Internal Control Policies. He mentioned that the Credit Card limit had been reduced from \$18k to \$8k as requested by USDA. He also mentioned that two staff employees are now required to be involved in the purchasing process, two original signatures are required on checks, and it is now noted in the Internal Controls that, "All employees are supplied by FFVA as a third-party contractor. As such, FFVA makes its own hiring and firing decisions complying with all federal, state and local laws, and employees who are supplied to do the work of the Committee who are suitably and appropriately background checked and trained and the HR department director is also HR certified by two national HR professional associations". Mr. Mahan made a motion, second by Mr. Chadwell, to approve the Credit Card and Internal Controls policies as presented. Motion passed unanimously.

In light of recent misuse of the Grower Tree Run Grade program, Mr. Chaires was asked to provide an overview of the Grower Tree Run and RePacker Certificate programs for the Committee. The following highlights were offered:

#### Grower Tree Run Grade

- Tree Run Grade is that grade of naturally occurring sound and wholesome citrus fruit which has not been separated either as to grade or size after severance from the tree. Wholesomeness is defined in FDOC regulation 20-62.002. The tree run citrus fruit shipped under this provision also must be from the applying grower's own grove.
- A grower shall apply to ship tree run fruit using a Grower Tree Run Certificate Application, furnished by the Committee.
- Each certificate shall expire at the end of the fiscal period. It's a one-year program.
- Whenever the committee finds that a grower is failing to comply with the requirements and regulations applicable to such certificates, the Grower Tree Run Grade Certificate issued to such grower may be suspended.
- To qualify for a Grower Tree Run Grade Certificate, each such grower must notify the committee prior to the first shipment of tree run Florida citrus fruit of the grower's intent to ship such citrus, submit an application on forms supplied by the committee, and agree to other requirements as set forth in this section with respect to such shipments.
- A grower may ship up to 150 1 3/5 bushel boxes per variety per shipment.
- A grower may only ship up to 3,000 boxes per variety per season.
- Each grower of citrus shipping under a Grower Tree Run Certificate shall supply the committee with reports on each shipment as requested by the Committee, on forms supplied by the committee.
- Each container of tree run fruit shipped under a Grower Tree Run Certificate shall be labeled with or contain the name and address of the grower shipping under the Grower Tree Run Certificate.

Ms. Varela informed the Committee that the Grower Tree Run Grade program is intended for growers and not to be used by shippers as a loophole to avoid grade and size standards.

#### Repacking Shipper

- A repacking shipper is a person who repacks and ships citrus fruit grown in the production area in Florida which has been previously inspected and certified as meeting the requirements specified under §905.162.
- To qualify for a repacking certificate of privilege, each repacking shipper must notify the committee 10 days prior to his or her first shipment of repacked citrus fruit during a particular fiscal period of his or her intent to ship such citrus fruit, and submit an application for a Repacking Certificate of Privilege form supplied by the committee.
- All such citrus fruit must be positive lot identified by the Federal or Federal/State Inspection Service and certified as meeting the applicable requirements for citrus fruit shipped to the domestic market. Each such citrus fruit shipment shall be accompanied by a Federal-State manifest that certifies the grade and amount of each load of citrus fruit received, which shall be retained by the repacking shipper.
- The repacking facility used to repack previously inspected and certified citrus fruit by the repacking shipper shall not have operable equipment to wash, brush, wax, or dry citrus fruit.

- Each container shipped with such citrus fruit shall be marked with the repacking shipper's repacking certificate of privilege number.
- Application for a repacking certificate of privilege by a repacking shipper shall be made on an Application for a Repacking Certificate of Privilege form supplied by the committee.
- The committee or its duly authorized agents shall give prompt consideration to each application for a repacking certificate of privilege.
- Each repacking shipper who handles citrus fruit under a repacking certificate of privilege shall supply the committee with reports on each shipment as requested by the committee, on a Report of Shipments under Certificate of Privilege form supplied by the committee.
- One copy of the Report of Shipments under Certificate of Privilege form on each shipment shall be forwarded to the committee promptly, one copy of such form shall be retained by the repacking shipper, and one copy of such form shall accompany the shipment.
- A RePacking Certificate of Privilege is not GIFT FRUIT.

After a review of the forms, Mr. Mahan made a motion, second by Mr. Lambeth, to approve the 2021/22 Grower Tree Run Grade and Repacking Certificate applications as presented. Motion passed unanimously.

Mr. Mahan made a motion, second by Mr. D. Hunt, to name Mr. Chaires Manager of the Committee for the 2021/22 season. Motion passed unanimously.

Chairman Hamner called on Mr. Daniel Hunt to review the budget and assessment rate previously approved in June. Mr. Hunt provided the following highlights:

- The budget is based upon an anticipated assessed volume of 8.5 million 4/5 bushel cartons.
- The Assessment rate remains at \$.015 per carton
- Revenue over expenses is anticipated to be positive by \$13,740
- The anticipated cash balance at the end of the 2021/22 year is \$191,499
- The budget is unchanged from June

Mr. Hunt called on Bill Jacobs, from Bunting, Tripp and Ingley to present the Audited Financial Statements. Mr. Jacobs explained that each member of the Committee should have received two documents: Governance Letter and Audited Financial Statements. He started with the Governance Letter.

#### Governance Letter

- This letter covers auditing standards and provides a list of items that auditors are required to communicate to those in charge of governance, in this case, the Committee.
- An aspect of the letter addresses Qualitative aspects of the accounting practices. He found no issues with lack of authoritative guidance.
- All transactions were recorded in the proper period.
- Allowance for uncollectible assessments was based on historical precedent. Essentially all assessments were deemed collectible and no allowance was necessary.
- No difficulties were incurred in the completion of the audit.
- There were no misstatements in need of correction.
- There were no disagreements with management.
- Management provided a full set of records for examination.
- There were no other findings or issues.

### Audited Financial Statements

- Mr. Jacobs rendered an unmodified opinion, that is to say a clean opinion. The highest achievable level.
- Statement of Financial Position:
  - Cash at the end of the year was approx. \$201,000, an increase of approx. \$28,000
  - Net Assets are not permitted to exceed expenses by more than two years expenses. Net Assets at the end of the year were \$195,742, approx. \$22,000 under two years of expenses. This number is creeping closer the allowable limit, but is still ok for now.
  - An examination of revenue and expenses show a change in net assets of \$29,689. This is relatively consistent from year to year.
  - The audit did not reveal any deficiencies in internal controls that they consider to be material weaknesses.
  - Because this was a government audit, special attention was paid to internal controls. There were no incidents of noncompliance.
  - The audit provides supporting information such as: A list of Members and a comparison of budget to actual expenditures. Nothing was found to be out of line. Everything was found to be in compliance with government standards.

Mr. Mahan made a motion, second by Mr. Callaham, to accept and approve the audit as presented. Motion passed unanimously.

Mr. Hamner made a motion, second by Mr. Chadwell, to approve SunTrust/Truist National Bank as the official repository of funds. Motion passed unanimously.

Mr. Chadwell made a motion, second by Mr. Raley, to approve Mr. Peter Chaires and Mr. Halston Fernandez as check signers for the 2021/22 season. Motion passed unanimously.

Mr. Raley made a motion, second by Mr. Mitchell, to approve use of the IRS rate for reimbursement of mileage expenses for 2021/22 and the rate of \$10 per meal per diem for members and alternates attending meetings for which no meal is provided. Motion passed unanimously.

Ms. Varela provided an update on the rulemaking process and changes at MOAD. Ms. Varela explained that as of September 1, 2021, MOAD no longer exists. The office staff is now part of the Market Development Division. This has been organized to be a seamless transition and should be a smooth process for staff and industry.

Ms. Varela informed the Committee that the Committee's request to amend the order was received and a work plan was signed. Staff is presently drafting the proposed rule and a release for public comment is expected in about a month.

Ms. Varela and Mr. Nissen led a discussion about maturity standards applied to import grapefruit. A Patch was recently distributed through the industry from an email, showing that juice content standards have not been applied to imported grapefruit. Mr. Richey informed the Committee of the concern expressed by the Texas industry that the practice of dropping inspection for juice content is allowing low quality imported grapefruit (primarily from Mexico) to reach American consumers. This is of particular concern, as this has the potential to erode consumer confidence in our product at a time when Florida fruit is just entering channels of trade. Ms. Varela assured the Committee that the issue is receiving the attention it warrants, and that the issue has gone all the way to the office of the Administrator. Mr. Nissen confirmed that rules

were not changed, this was a case of not applying standards to import products. It remains unclear why this action was taken or who was behind the change. What AMS wanted to communicate in the meeting is that action is being taken to reinstate the same maturity standards to imported product as applied to domestic product. USDA staff asked the Committee for input on when they would be moving grapefruit into domestic channels. While the Committee was in agreement that Florida grapefruit movement is starting over the next two weeks and will hit heavy volumes by the end of the month, negative consumer perceptions are being formed right now as inferior imported product is being allowed into the USA. The Committee emphasized the urgency of getting this resolved immediately. Ms. Varela and Mr. Nissen assured the Committee that their concerns are heard and understood and would be communicated to DC staff.

There being no further business, meeting was adjourned at 10:58 AM.