

LOUISIANA RICE RESEARCH BOARD

Crowley, Louisiana
November 7, 2019

MEMBERS PRESENT: Richard Fontenot, Dane Hebert, John Earles, Alan Lawson, Benjy Rayburn for LDAF Commissioner Mike Strain, Sammy Noel, Gerald Leonards, Jeffery Sylvester, Eric Savant, and David LaCour

MEMBERS ABSENT: John Denison, Jude Doise, Damian Bollich, Kim Frey, Jason Waller

OTHERS PRESENT: Kurt Guidry, Kyle McCann, Bruce Schultz, Dustin Harrell, Rogers Leonard, Scott Soileau, Kane Webb, Don Groth, Mike Salassi and Andy Brown

The business meeting was called to order following the research project reports and ribbon cutting ceremony for the new facility additions. Chairman, Richard Fontenot prior to business made a special presentation to Executive Director Kyle McCann, as this would be his last meeting in this role due to his promotion within the Louisiana Farm Bureau. Fontenot presented McCann with a plaque and thanked him for his years and many hours of dedicated service to better the Louisiana rice industry and the lives of many farm families. All board members shared comments and stories of McCann's time and thanked him for his contributions. Fontenot then called the business meeting to order and asked members to review the agenda items.

ACTION #1 A motion was made by Jeffrey Sylvester, seconded by Sammy Noel and carried, to approve the agenda.

The Board next considered the minutes of the previous meeting.

ACTION #2 A motion was made by Jeffrey Sylvester, seconded by Dane Hebert and carried, to approve the minutes of the previous meeting on June 26, 2019 and the special meeting from September 25, 2019.

Fontenot shared remarks and apologies of board members who were absent. He explained that they would postpone a board photo with a number of members being out, and that Bruce Schultz would use a board photo from the July field day for publications, instead. Despite the absences, a quorum was announced as present.

The LDAF September 2019 assessment collections report was then presented by Kyle McCann. For the month of September assessment collections were \$67,962. The year to date assessment collections were \$244,442.86 and year to date refunds were \$13,098.58 or approximately 5% of total collections. McCann had spoken with LDAF, and October collections report was being completed, but would not be

available for this meeting.

Scott Soileau then reviewed the previous year end June 30, 2019 financial operating report. He reviewed each of the various fund balances and discussed the current financial position of the Board. The Board discussed their current financial position and the current fund balances. Of note, Soileau mentioned a higher carryover of the FY2019 crop sold in the beginning of FY2020 likely contributed to higher collections to begin this fiscal year. He expected pace to return closer to trend in coming months.

Action #3 A motion was made by Dane Hebert, Seconded by John Earls and carried, to receive and file the collections and financial reports presented.

For interest of time, Chairman Fontenot then asked the board to consider allowing Kane Webb to present the USA Rice Report earlier in the agenda. With no objections, Kane Webb shared information about the 2019 Rice Outlook Conference in Little Rock, AR. Webb then shared of successful trade missions and groups visiting the US rice industry from South America, Iraq, and others. USA Rice facilitated these groups to visit Washing DC, farms in AR and MS, and the Iraq group visited the Port of Lake Charles. Lastly, Webb shared the joint meeting of the LA Rice Growers and LA Rice Council in Jennings had been delayed to late January or early February to accommodate a guest speaker.

The next agenda item was legal considerations. Chairman Fontenot indicated that an appellate court had picked up the case, delaying trial until 2020. With continued delays, Fontenot asked the board to consider potential legal costs in the budget process further down the agenda.

The Intellectual Property Committee report was then presented by Alan Lawson, at the request of the committee chairman John Dennison who could not attend the meeting. This year \$156,700 was available for projects. The committee recommend funding 3 of 4, 2020 project requests totaling \$155,462 (attached). The remaining funds were recommended to be allocated to priority #1, for the crawfish/rice research project of \$1,000 for a total funding recommendation of \$156,462. Chairman Fontenot reviewed the committee's purpose and the funding process. Rogers Leonard reminded the Board that the LSU AgCenter royalty funds are not transferred to the Board but are allocated to projects recommended by the committee and approved by the Board under the MOU. The majority of royalties come from technology used in other states and countries. Royalties will decline as patents roll off. The committee also recommended amending the MOU with the LSU AgCenter to include any future IP dollars from patents as a result of research funded by the LRRB.

ACTION #4 A motion was made by Jeffrey Sylvester, seconded by Gerald Leonards and carried to approve the funding recommendations of the IP Committee of projects 1-3, excluding project 4; totaling funding at \$156,462 with \$1,000 being added to the rice/crawfish project request.

ACTION #5 A motion was made by Eric Savant, seconded by Jeffrey Sylvester and carried to follow the recommendation of the IP Committee to amend the current MOU and future MOUs between the LRRB and the LSU AgCenter

to include future royalties from patented products that resulted from LRRB funded projects.

The Board then considered Col-Rice Fund Use Committee report and funding recommendations for Col-Rice TRQ funds. Dane Hebert presented the Col-Rice Committee report and recommendations. The Committee discussed the endowment and the desire to increase it over time and recommended the allocation of another \$500,000 to the endowment. The Committee recommended the funding of one project, \$20,000 for black bird control for 2020. They also recommended allocating the remainder of Col-Rice TRQ funds of \$726,106 to be made available for 2020 rice research projects. Kyle McCann reviewed the available TRQ balances and reserves, but also noted a shortfall in 2019 collections versus budgeted projections. The Board discussed how the Col-Rice TRQ funds became available, the process in place and the future of this source of revenue.

ACTION #6 A motion was made from the committee's action through Dane Hebert, seconded by Gerald Leonards and carried, that the Col-Rice committee recommendations for Col Rice TRQ funds be approved as presented for \$20,000 be allocated for 2020 black bird depredation and the allocation of an additional \$500,000 for the rice research endowment with the LSU Foundation; with the remaining \$726,106 being available for research projects.

The Board then considered representation for Louisiana on the national Col-Rice Committee. Chairman Fontenot noted that John Dennison had been serving in this role and was interested in continuing to serve. Discussion ensued amongst the board on the role of this committee.

ACTION #7 A motion was made by Gerald Leonards, seconded by John Earls and carried to reappoint John Dennison as Louisiana's Col-Rice representative.

The Board then considered the checkoff assessment and EU TRQ income estimates and operating budget. Kyle McCann reviewed the assessment income for this year's crop, a shortfall in checkoff income balances as of 6/30/19 and the board's operational budget estimates for FY 2020. After some discussion and general agreement on income estimates and operating expenses, the Board began to discuss the proposed research projects (continuing and new) and the funding requests. Other budget considerations, such as legal fees and projections on future TRQ incomes were discussed.

ACTION #8 A motion was made Jeffrey Sylvester, seconded by Alan Lawson and carried, to set aside \$150,000 in the budgeting process to maintain for legal fees (if necessary) for continued litigation against the LRRB and Department of Agriculture and Forestry.

The Board continued legal fee discussion and allocation of funds for legal representation. Questions were raised on funding sources and which allocation of funds would best be suited to cover any legal fees incurred by the LRRB.

ACTION #9 A motion was made by Dane Hebert, seconded by Eric Savant and carried, requesting Chairman Fontenot consult with legal counsel and have them discuss the use of checkoff dollars with the Attorney General's office or other counsel as they see fit.

The Board then entered into review of each continuing project and established funding levels for 2020 by reducing some projects and maintaining some others at their 2019 levels. The Board then reviewed new projects and selected 1 new project to be funded for 2020.

ACTION #9 A motion was made by Jeffrey Sylvester, seconded by Dane Hebert and carried to approve funding levels for the LSU AgCenter 2020 continuing projects and add 1 new project selected for 2020 at a total funding level \$1,838,806 with needed funds beyond checkoff collections being sourced from Col-Rice TRQ funds.

Kyle McCann then reviewed the funding decisions, operating budget and the impact on projected reserves by fund type. The 2020 projects funded by checkoff funds of \$914,953, EU TRQ was \$35,000 and Col-Rice TRQ was set at \$888,853 for a grand total of \$1,838,806 with the LSU AgCenter for 2020.

Dr. Don Groth then gave the 2019 Endowment Report, updating the board on the performance of the invested funds and allocation of funds (report attached).

The approved projects, final funding level allocations and budget are attached. After agreeing to the 2020 funding allocations and budget, the Board considered the necessary contracts for 2020.

ACTION #10 A motion was made by Gerald Leonards, seconded by Eric Savant and carried to approve the funding levels, budget and necessary contracts for 2020 with organizations and individuals in the amounts agreed to in the approved operating budget and project allocations; USA Rice up to \$16,000; The Rice Foundation \$35,000; accounting with Dugas, Soileau and Breau \$1,600; administrative with Andy Brown \$2,000. This motion also included giving Andy Brown viewing privileges for LRRB bank accounts.

ACTION #11 A motion was made by Jeffrey Sylvester, seconded by Alan Lawson and carried, to approve a budget and necessary contracts for 2020 with the LSU AgCenter in the amount of \$1,838,806.

ACTION #12 A motion was made by Gerald Leonards, seconded by Jeffrey Sylvester and carried to approve budget and necessary contracts for 2020 with the LSU Foundation for \$500,000 for the endowed chair.

An LSU AgCenter Southwest regional director report was presented. Dr. Kurt Guidry gave a brief report on staffing and thanked the leadership of Drs. Groth and Harrell for their responsibilities and performance of duties at the Rice Research Station.

An update was given for the LSU AgCenter Administration by Dr. Rogers Leonard. Dr. Leonard notified the Board of his retirement date in February 2020. Being this would likely be his last LRRB meeting, Dr. Leonard thanked the members and others present for their great relationship over numerous years and touted the LRRB as a model of the checkoff program and its benefit to all parties involved. He introduced his successor, Dr. Mike Salassi. Dr. Salassi thanked Dr. Leonard for his years of outstanding work. Dr. Salassi addressed the Board and noted that work with checkoff boards was one of the top reasons he pursued this position. Dr. Salassi will take on this role fulltime in March 2020.

Kyle McCann then briefly reviewed the ethics training and reporting requirements for Board members. The online ethics training is an annual requirement to be fulfilled by the end of the year. Members were encouraged to send their completion certificate to Andy Brown via email.

The next Board meeting would be held in June 2020 immediately following the field day program.

The Public Comment period was held. No comments were received.

There being no further business the meeting was adjourned.