

LOUISIANA RICE RESEARCH BOARD

Crowley, Louisiana
November 4, 2014

MEMBERS PRESENT: Jackie Loewer, Richard Fontenot, Donald Berken, Clarence Berken, Brian Wild, Fred Zaunbrecher, Dane Hebert, Damian Bollich, Jude Doise, Ronnie Sonnier, Benjy Rayburn for LDAF Commissioner Mike Strain, and Phillip Lamartiniere

MEMBERS ABSENT: Sammy Noel, Michael Fruge, and Jason Waller

OTHERS PRESENT: Steve Linscombe, Kyle McCann, Bruce Schultz, Randy Jemison Rogers Leonard, Scott Soileau, Eric Webster, Scott Privat and Carl Krielow

Following the research project report presentations, Chairman, Jackie Loewer called the business meeting to order. Chairman Loewer asked members to begin reviewing the agenda items and their order. He indicated that the agenda order has been changed at times to accommodate presenter schedules.

The next agenda item was the consideration for an executive session. If necessary, the Board has conducted executive sessions recently to update Board members on and to discuss pending litigation. With no motion to enter into an executive session the Board moved onto the next agenda item. Since no executive session was held Scott Privat excused himself from the meeting.

New member introductions and comments was the next agenda item. Chairman Loewer indicated that Michael Fruge was unable to attend due to a schedule conflict. The new members in attendance then introduced themselves. Benjy Rayburn introduced himself and state he was with the LDAF and was representing Commissioner Mike Strain on the Board. Phillip Lamartiniere introduced himself and briefly reviewed his rice farming operation. Jude Doise then introduced himself and stated his educational, rice farming and rice organizational experiences. He indicated that he wanted the Board members to understand how he got here. He reviewed the history of the Louisiana Independent Rice Producers Association (LIRPA) as well as the US Rice Producers Association. He stated that LIRPA fully supports rice research but its members are unhappy with how the funds are spent. He stated that he had a problem with Michael Fruge being on the Board and asked who nominated him. It was indicated that the Louisiana Rice Growers Association nominated him to the Governor. He then began to discuss information related to royalties on Clearfield rice.

A point of order was raised by Richard Fontenot and recognized by Chairman Loewer.

Richard Fontenot indicated that the IP committee report was the item on the agenda where Clearfield royalties should be discussed and further that information related to any other topic should be discussed when that agenda item is considered. Chairman Loewer agreed and stated that the Board had a lengthy agenda and needed to consider several important issues. He asked Jude Doise to try to summarize any addition remarks and conclude so that other agenda items could be addressed by the Board in a timely manner.

Jude Doise indicated that he felt the royalties were too high for the researchers and that a better deal was needed. He also shared that he thought all varieties should be opened up and available to everyone. He concluded by stating he totally supports research but felt the Board should be getting a better deal for growers.

The Board then considered the remaining agenda.

ACTION #1 A motion was made by Dane Hebert, seconded and carried, to approve the agenda as presented.

The minutes of the previous meeting had been mailed out and were considered next.

ACTION #2 A motion was made by Phillip Lamartiniere, seconded and carried, to approve the minutes of the previous meeting.

Steve Linscombe and Bruce Schultz then reviewed the Board's draft annual report on research and activities to the industry. The Board discussed the various topics to be included.

ACTION #3 A motion was made by Dane Hebert, seconded and carried, to approve the annual publication draft.

Next, the LDAF October 2014 assessment collections report was presented by Kyle McCann. The voluntary donations had been discontinued but before the new assessment started \$144,412.04 had been collected year to date. For the month of October assessment collections were \$142,501.37. The year to date assessment collections were \$194,868.07 and year to date refunds were \$5,996.35.

Scott Soileau then reviewed both the June 30, 2014 financial operating report and the September 30, 2014 report and discussed the current financial position of the Board. The Board discussed their financial position and the current fund balances by type.

Richard Fontenot next presented the Intellectual Property committee report. The committee, which is comprised of Board member representation and LSU AgCenter representatives, had met to discuss this year's funding allocation recommendations for royalty dollars to be used for rice research. 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 a MOU. The committee recommended allocating the \$250,000 in 3 areas. 1st was a rice breeding position (\$143,600), 2nd a gas

chromatograph (\$80,000) and 3rd overall station support (\$26,400). The Board briefly discussed the allocation options for this year and how royalty funds are handled by LSU. After some continued discussion of royalties, the following motions were made.

ACTION #4 Richard Fontenot moved that the committee recommendation on the allocation of \$250,000 be approved. It passed unanimously.

ACTION #5 A motion was made by Clarence Berken, seconded and carried, that the MOU be approved and signed with the LSU AgCenter.

Clarence Berken then presented the COL-Rice committee report. The Col-Rice TRQ system will provide extra research funds for some time that can be used to ensure that the rice research station remains a premier facility. A brief review of the Col-Rice TRQ system and revenue estimates that the committee used were discussed. The committee recommended the board consider allocating TRQ funds in three areas: establish a \$1.5 million reserve, endow a Chair with \$600,000 and provide for capital investments of up to \$400,000. Future funds would be allocated after received. The Board discussed each of the recommendations. The reserve fund of TRQ monies would provide funding stability when acreage fluctuations occur and would allow the Board to fully utilize assessments for research projects. To endow a Chair with the LSU Foundation, the Board of Regents would match the Board contribution of \$600,000 with \$400,000. The annual investment revenue would then be provided to the scientist receiving the Chair. The Board would need to establish the specifications for the award and the type of work to be conducted. The Board would not make the selection. In the future the Board could consider a mega chair which requires a contribution of \$1.2 million and is matched by \$800,000. The capital items recommended were a new water well and two replacement tractors. The capital items request was for \$397,588.

ACTION #6 Clarence Berken moved that the Col-Rice committee recommendation allocating \$1.5 million for reserve, \$600,000 for an endowment of a chair, and up to \$400,000 (\$397,588 request) for capital items with the LSU AgCenter with and residual funds remaining as undesignated be approved. Motion passed.

ACTION #7 A motion was made by Clarence Berken, seconded and carried, that the old reserve policy (25% of previous year's expenses) be eliminated and a new reserve policy be established of \$1.5 million in TRQ funds.

Kyle McCann then reviewed the assessment income and voluntary donation estimates for this year's crop, reserve balances as of 6/30/14 by fund type and the board's operational budget estimates for FY 2015. There was some discussion of the estimates provided and next year's acreage and funding needs. After some discussion and agreement on the income estimates and operating expenses, the board began to discuss the proposed research projects and the funding requests. After some discussion the following motions were approved.

ACTION #8 A motion was made by Richard Fontenot, seconded and carried, that the continuing research projects be funded (\$ 1,426,377) for 2015 as requested.

ACTION #9 A motion was made by Fred Zaunbrecher, seconded and carried, that three new projects proposed by Randy Price \$41,500, Aaron Smith \$19,270, and Niranjan Baisakh \$20,000 be funded for 2015. Total new projects funded by assessments for 2015 was \$80,770.

The Board then continued by discussing rice variety development. Issues related to chalkiness, lodging and quality issues were mentioned as well as premiums and marketing dynamics.

After the funding allocations were tabulated, the Board reviewed the 2015 funding allocations and considered the renewed contracts for 2015.

ACTION #10 A motion was made by Donald Berken, seconded and carried, that the contract with the LSU AgCenter for 2015 research projects in the amount of \$1,904,735 be approved.

ACTION #11 A motion was made by Richard Fontenot, seconded and carried, that the USA Rice Federation contract for 2015 for up to \$16,000 be approved.

ACTION #12 A motion was made by Richard Fontenot, seconded and carried, that the USA Rice Foundation contract for 2015 for \$5,000 be approved.

ACTION #13 A motion was made by Dane Hebert, seconded and carried, that the accounting contract with Dugas, Soileau and Breaux for 2015 in the amount of \$1,600 be approved.

ACTION #14 A motion was made by Richard Fontenot, seconded and carried, that the administrative contract with Kyle McCann for 2015 in the amount of \$2,000 be approved.

ACTION #15 A motion was made by Richard Fontenot, seconded and carried, that the necessary contract with the LSU Foundation for the endowment of a Chair in the amount of \$600,000 be approved.

A southwest regional director report was presented. Steve Linscombe reported on the Rice Research Station activities and the efforts of the scientists.

Randy Jemson then gave a USA Rice Federation and a USA Rice Foundation report. He reviewed the activities and the issues being addressed by both organizations. The issues included the WOTUS regulations, the arsenic situation and research, trade and the FTAs, the EU duties and the ITC efforts on rice.

Steve Linscombe the reported on the blackbird control project. He reviewed the DRC 1339 program as well as the section 24c request efforts regarding AV1011.

Kyle McCann then 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. Tier 2.1 reports have to be filed by May 15th each year. Members will

receive reminder emails.

Chairman Loewer then reported on the Col-Rice Export Trading Company. This entity administers the Col-Rice TRQ. Representation is from both the US and Columbia interests. The Columbian members are vertically integrated and want access limited to certain months. Auctions are held and audited by the company and the certificate prices reflect the market conditions. The website provides more information on the entire process, <http://col-rice.org>.

The Board next considered the election of officers. The Board considered this in June but since then the new Board was appointed in August. The current officers are Jackie Loewer - Chairman, Clarence Berken – Vice-Chair, and Richard Fontenot – Secretary-Treasurer.

ACTION #16 A motion was made by Brian Wild, seconded and carried, that the same officers be nominated to serve. There being no other nominations, they were elected by acclamation.

The public comment period was then conducted.

Carl Krielow commented on intellectual property (IP) issues. He commented that farmers had direct benefit from what was developed until 1998, and then the IP issues changed that. He reviewed the history of the red rice tolerance program that received funds from the Board. He also commented on the LSU Board of Supervisors set policy on royalty sharing. He indicated that LSU rewards researchers more than some other universities. He asked that a method to fix this going forward be developed. He commented on the added seed costs that companys profit from and wanted something to be done about it.

Board member Richard Fontenot asked for the any information he had regarding how other states and universities are allocating royalties from IP development. He indicted the IP committee looks at this as future revenue.

Steve Linscombe commented that no Clearfield rice would have been made available without an agreement. AMCI now BASF would not have invested the funds necessary for a label without some way to recoup their investment. LSU patented the technology to protect the technology and have a say in the transformations and a seat at the table. Eric Webster also commented on the resources necessary to register new products.

Board members Donald Berken, Dane Hebert and Brian Wild also briefly commented that the Board always tries to do the best they can for producers and consider all the facts when funding projects that will get new or improved technology into producers' hands as fast as possible.

ACTION #17 A motion to adjourn was made by Dane Hebert, seconded and carried.

The meeting was adjourned.

Table 1. CHECKOFF REVENUE PROJECTIONS 10/29/2014

2014 CROP	ESTIMATES			COL-Rice TRQ Calendar Year 2015
	NASS		EU -TRQ Spring 2015	
ACRES	460,000			
YIELD	71			
TOTAL PRODUCTION	32,660,000			
CHECKOFF & VOL. DONATIONS	\$ 0.05			
TOTAL COLLECTIONS	\$ 1,633,000.00			
REFEUNDS				
& SLIPPAGE (%) 15	\$ 244,950.00			
TRQ EU 2015			14,500	
COL-Rice 2015				800,000
REVENUE ESTIMATE	\$1,388,050		\$14,500	\$ 800,000

\$2,202,550

TABLE 2. UNENCUMBERED FUNDS BY SOURCES 2014-2015. (10/31/14)

	FUNDS			
	CHECKOFF & VD	TOTAL	EU -TRQ	COL-Rice TRQ
UNENCUMBERED BALANCE 6/30/14	634,629	\$ 2,723,444	61,178	2,027,637
VOLUNTARY DONATIONS - YTD	141,524			
NEW CHECKOFF-YTD	184,974			
COL- Rice TRQ RECEIVED - YTD				173,400
COL- Rice TRQ 10/14 AUCTION EST.				294,051
TOTAL FUNDS	\$ 961,127		\$ 61,178	\$ 2,495,088

TABLE 3. PROJECTED BUDGET RICE RESEARCH BOARD 2014-2015.

	FUNDS			
	CHECKOFF & VD	TOTAL	EU -TRQ	COL-Rice TRQ
UNENCUMBERED BALANCE 6/30/14	634,629	\$2,723,444	61,178	2,027,637
ESTIMATED REVENUE	1,388,050		14,500	
INTEREST INCOME	1,200			2,500
COL- Rice TRQ RECEIVED - YTD15				173,400
COL- Rice TRQ 10/14 AUCTION EST.				294,051
FUNDS AVAILABLE	\$ 2,023,879		\$ 75,678	\$ 2,497,588
EXPENSES				
LDAF	12,000			
OPERATING EXPENSES				
STATE AUDIT 2015	1,500			
PROFESSIONAL FEES	3,600			
LEGAL EXPENSES	100,000			
PRINTING	2,500			
MISCELLANEOUS	1,000			
USA RICE FEDERATION	16,000			
USA RICE FOUNDATION	5,000			
TOTAL OPERATING EXP.	129,600			
TOTAL EXPENSES	141,600			
NET FUNDS AVAILABLE	1,882,279		75,678	2,497,588
TOTAL COMBINED FUNDS		\$4,455,545		

TABLE 4. RESERVE POLICY ADOPTED 11/18/03.

<i>"MAINTIAN A MINIMUM RESERVE OF 25 % OF TOTAL EXPENDITURES"</i>	
TOTAL EXPENSES FY 14	<u>\$1,410,660</u>
MINIMUM RESERVE	<u>\$352,665</u>

TABLE 5. LSU AGCTR 2015 PROJECT FUNDING AND PROJECTED YEAR-END RESERVES (6/30/15).

	CHECKOFF & VD	TOTAL	EU -TRQ	COL-Rice TRQ
TOTAL FUNDS AVAILABLE		4,455,545		
LESS RESERVE		0		
TOTAL NET FUNDS AVAILABLE FOR 2015 PROJECTS	1,882,279	<u>4,455,545</u>		
LSU AGCTR 2015 PROJECTS			75,678	2,497,588
CONTINUING	1,426,377			0
NEW	80,770			
TOTAL	<u>1,507,147</u>		0	0
COMBINED TOTAL		<u>1,507,147</u>		
TRQ RECOMMENDATIONS				
RESERVE				1,500,000
CHAIR/ENDOWMENT*				600,000
CAPITAL IMPROVEMENTS				300,000
UNALLOCATED to CI				97,588
RESERVES	<u>375,132</u>		<u>75,678</u>	<u>1,500,000</u>
TOTAL PROJECTED RESERVES (6/30/15)		<u>\$1,950,810</u>		

* Matching funds of \$400,000 would be provided if approved.

LSU Agctr total	1,507,147	1,904,735	397,588
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RICE RESEARCH PROJECTS FOR 2015		
Department/Proposal Title Principal Investigator	2015 Funding	
	Checkoff	TRQ-ColRice
<i>Continuing Projects</i>		
Ag Economics & Agribusiness Economic Analysis of Rice Production and Farm Management in Louisiana Salassi, Michael	\$40,000	
Entomology Integrated Management Strategies for Insect Pests of Rice in Louisiana Stout, Michael	\$95,850	
Plant Pathology & Crop Physiology Characterization and Utilization of Genetic Traits for Resistance to Multiple Diseases of Rice Ham, Jong Hyun	\$47,580	
Rice Research Station Rice Multidisciplinary Research Program Conducted at the Rice Research Station Linscombe, Steve	\$1,013,800	\$397,588
Objectives Listed Below 1-10* (*New Objective)	Objective Allocation	
Objective 1 Development of Disease Control Practices in Rice Groth, Donald	\$68,500	
Objective 2 Rice Management Strategies for Efficient Utilization of Agronomic Inputs and Natural Resources Harrell, Dustin	\$131,250	
Objective 3 Rice Research Station Overall Support Linscombe, Steve	\$25,000	
Objective 4 Multiple Generation Rice Breeding Nursery Linscombe, Steve	\$75,000	
Objective 5 Enhancement of Rice Research and Extension Communications Gould, Frankie	\$39,450	
Objective 6 Development of Superior Rice Varieties for LA		

RICE RESEARCH PROJECTS FOR 2015		
Department/Proposal Title Principal Investigator	2015 Funding	
	Checkoff	TRQ-CoIRice
Linscombe, Steve	\$506,000	
Objective 7 Development of Hybrid Rice and Sheath Blight-Resistant Germplasm for Louisiana Oard, James	\$116,100	
Objective 8 Marker-Assisted Breeding and Development of Molecular Markers for Important Traits in Louisiana Rice Production Utomo, Herry	\$28,875	
Objective 9 Rice Grain Quality Enhancement: Characterization of Elite High Protein Lines and Development of Herbicide-Resistant Rice Wenefrida, Ida	\$23,625	
School of Plant, Environmental & Soil Sciences Breeding Rice Varieties with Tolerance to Abiotic Stresses Subudi, Prasanta	\$63,130	
Weed Management in Herbicide- Resistant/Tolerant and Conventional Rice Webster, Eric	\$145,017	
Southwest Region Louisiana Rice Research Verification Program Harrell, Dustin	\$21,000	
Total Continuing Project Funding	\$1,426,377	
Department/Proposal Title Principal Investigator		
<i>New Projects</i>		
Dean Lee Research Station Development of Remote Sensing Systems for UAVs to Allow Quick and Easy Nutrient Map Generation Price, Randy	\$41,500	
LSU Department of Biological Sciences Identifying Low-Arsenic Rice Varieties Smith, Aaron	\$19,270	
School of Plant, Environmental & Soil Sciences Development of Drought-Tolerant Rice for La		

RICE RESEARCH PROJECTS FOR 2015		
Department/Proposal Title Principal Investigator	2015 Funding	
	Checkoff	TRQ-CoIRice
with High Water Use Efficiency Under the Future Climate Change Scenario Baisakh, Niranjana	\$20,000	
Rice Research Station Objective 10 Rice Research Station Infrastructure Support Linscombe, Steve		\$ 397,588
Total New Project Funding	\$80,770	\$397,588
Total Funding for Continuing & New Projects by Fund Type	\$1,507,147	\$397,588
Overall Total Funding for 2015	\$1,904,735	