

Seed Advisory Board Meeting
Stanislaus County Agricultural Center
May 12, 2010

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1. Call to Order – Roll call

Chairman Scarlett called the meeting to order at 8:21 am. The following members and guests were present:

Kelly Keithly	Larry Hirahara	John Heaton
Rick Falconer	Paul Frey	Sue DiTomaso
Gabe Patin	Dennis Choate	Betsy Peterson
Ken Scarlett	Deborah Meyer	Ric Dunkle
John McShane	Mike Campbell	Kent Bradford
		Robert Stewart

2. Oath for appointed members

Heaton administered the Oath for members recently appointed to the Board. He explained that signed copies of their oaths must be submitted by CDFA to the Governor’s Office of Registrar and the Secretary of State’s Office.

3. Acceptance of minutes from Nov. 10, 2009 meeting

Chairman Ken Scarlett requested any corrections to the minutes. There were none. Kelly Keithly motioned that the corrected minutes be accepted. Rick Falconer seconded the motion. Motion carried.

4. Legislative Report

Betsy Peterson provided a handout to summarize various legislative issues the California Seed Association is monitoring. She noted the recent passage of legislation CSA sponsored for renewal of authorization to provide subvention to counties performing seed-law enforcement. In addition, she briefly discussed:

- The placement of a water bond on the ballot in November. The bond is very important because it has several measures to help protect water for agriculture.
- Food safety concerns about E. coli in hydroponic productions will require close scrutiny with regards to seed testing.
- SB79 – the card check issue - passed the legislation but was vetoed by the Governor.
- CSA opposed several bills that would have impacted the use of VOCs - volatile organic compounds - because they would impact the use of important compounds used by agriculture.
- One bill that CSA had been opposing; AB 2595 - The Agricultural Water Discharge Requirements Bill, has been negotiated to a mutual position.
- CSA is also working hard to maintain funding for CDFA during the present and challenging budget time.

The CSA Lobbyists will continue to spend long hours at the Capital to oppose anti-business and anti-agricultural legislation, including the initiation of a business net revenue tax. Additionally, CSA will continue to host tours designed to educate Legislators, their staff and State or Local officials about the seed industry in California.

Betsy Peterson summarized some of the recent activities in Lake County involving GMO crops. She informed the Board that the Lake County Board of Supervisors entertained an ordinance about the registration of GE Crops. The ordinance would allow people to check how close they might be to a production of GE crops. The big concern about this ordinance is public disclosure of which crops were GE and where they are being grown. One suggestion to remedy this was to use a mapping system like the one used by the California Crop Improvement Association (CCIA). The information could be kept confidential and provided only to the parties that need to know. At the present time, the issue seems to be stalled.

Bob Stewart replied that part of the idea is to use the CCIA as a sort of gatekeeper to prevent people with ill intent from damaging GE crops, while at the same time providing the requested information as much as possible.

Kent Bradford stated that his understanding was that the Lake County ordinance would have required growers of GE crops to get a permit.

Betsy Peterson wasn't sure about that but she noted there has also been talk in Monterey County about banning GE crops there. The Agricultural Commissioner in Monterey County is currently drafting a report about the use of GE crops, which he intends to present to their Board of Supervisors.

5. Summary of recent activities by Seed Services

Seed Sampler Training

Bob Stewart explained that there is concern at CCIA and CDFA about the availability of trained staff at the county level. There are fewer and fewer employees that are trained and proficient in seed sampling. CCIA contracts with counties to perform some aspects of the seed certification inspection process, including seed sampling. Since CDFA no longer utilizes county staff to sample seeds for their regulatory compliance monitoring program, there are fewer county employees that know how to do seed sampling. County employees have provided a vital link to the training and monitoring of seed sampling performed at certified conditioners. The situation has reached the point where CCIA has some real concerns about the techniques used to collect samples at a few conditioner warehouses. While those few situations have been addressed, Stewart believes the situation has reached a point where it needs to be addressed by the industry.

In addition, the USDA has informed him that there is a need to use accredited seed samplers to be in compliance with OECD rules for export of certified samples.

Heaton reminded the Board that the Seed Services Program no longer trains county staff in the proper methods to collect seed samples. For the past four years CDFA Biologists have been pulling all of the regulatory samples.

Heaton explained that there are different sampling methods for adherence to the Federal Seed Act, the International Seed Testing Association and for submission to the FSRTB. The Federal Government conducted seed sampler training about three years ago, but many of the people trained have moved on.

Heaton proposed that rather than spending \$35,000 per year to train seed samplers, the Board should consider financially supporting the development of a DVD to train seed samplers.

Bob Stewart stated that CCIA would be interested in participating in the development of such a DVD, provided it also considers methods of seed sampling that CCIA needs.

Heaton stated that he recently received a call from a lab that performs seed analysis for ISTA certification, and they were inquiring about how inspectors in California do seed sample collecting. He added that it is important to have well trained staff.

Ric Dunkle commented that the time might be right for all the organizations involved to finally agree to one method for collecting seed samples.

Heaton explained that the logistics of using media services at the state for a video production is probably prohibitive. He suggested that the Board could authorize procurement of the parts for the DVD from CCIA or UCD. As long as the DVD was designed in a modular way, he believes this idea could work. He is hoping that by splitting the cost with CCIA and spreading the cost over a couple of years, the project could be completed.

Heaton felt that money in the training budget and allocated for professional consulting, could be used. He requested formal approval from the Board to proceed.

John McShane asked what the process would be for recertification of a sampler.

Heaton replied that he envisions some type of on-line training. He explained that part of accreditation involves an audit and retraining.

Another part of the DVD would be training on how to do seed label evaluations. Heaton explained that training support for county inspectors will garner better relations with county staff and ultimately translate into better service for the seed industry.

Sue DiTomaso noted that she has worked with organizations that have included interactive test questions in their DVD training videos.

Kelly Keithly motioned that the Board support and authorize the use of Professional Consulting Fees in the budget, for the development of a computer-based or DVD training video for seed sampling.

Marc Meyer seconded the motion. Motion carried.

Audit procedure for refunds

Heaton explained that since he was finding it difficult and time consuming to work through the logistics of the CDFA Audits Branch, he developed his own audit procedure to review the records of a company that has requested a fairly significant refund. He initially presented a generic version of his audit procedure to a couple of Board members in February for their opinion. There was consensus that it was adequate and there was also agreement that it could be used in the future so that the Seed Services Program does not have to initially coordinate with the CDFA Audits branch.

Heaton provided a copy of the audit form that used fictitious numbers to demonstrate the procedures used for an audit. He explained that the audit procedure uses a statistical formula to determine the sampling intensity and then uses a random number generator to identify the invoices that should total to a calculation of reported sales within a given margin of error. He was pleased to report that the results obtained in an actual audit of the company requesting a refund, seem to support this audit procedure. He stated that the real test will come when the State Controller's Office reviews the documentation provided with the refund request and then determines if it is adequate or not to cut a check.

In addition to a random audit of the company's invoices, the audit procedure reviews certain parts of a company's federal and state tax returns.

Regulations for correcting reported sales

Due to the size of the refund request and the number of years the mistake was perpetrated, the Board previously directed the Seed Services Program to develop some sort of statute of limitations for requesting refunds. The Board felt this was necessary to maintain confidence in reported collections and fund conditions of the Seed Services Program.

Heaton reported that he consulted with CDFA's Legal Office and their recommendation was that the Seed Servicers Program should develop regulations that will limit the period of time a company can make corrections to their reported sales.

In pursuing that endeavor, Heaton became aware that he must first update the regulations to accurately reflect the established assessment rate. Once that correction is made he will pursue the regulations that limit the period for corrections to sales. He explained that since the law for an assessment rate is not self executing but rather wholly enabling, the assessment rate must be set in regulations before the law can take affect. He stated that while the statute provides authorization for an assessment rate, it is only enabled through regulation. This means that since it takes about one year to set the assessment rate in the regulations, the Board will have to make their recommendation for an assessment rate about one year in advance, rather than the present method of one month in advance.

Utilization of Ag Funds per AB2252

Since there appeared to be close to one million dollars in the reserve of the Seed Services Program, and since other states have had their reserve funds taken by their legislature, the Board previously asked Heaton to explore the logistics of placing the reserve funds in a separate account, which is allowed per AB2252 effective January 1, 1994. Heaton explored the alternatives and listed the following advantages and disadvantages for the Board.

The advantage of the present arrangement of having funds kept in reserve at CDFA is that they appear to be relatively secure. He noted that although there was an initial seizure of reserve funds during the Wilson Administration, the industry was successful in a lawsuit to have those funds returned with interest. He was not aware of any additional attempts to take reserve funds from any CDFA program since then.

Under the present arrangement, he reported that the following amounts were earned from interest.

2006 = \$16,000	2008 = \$6500
2007 = \$68,000	2009 = \$7700

The amount received for 2007 was so different than other years that Heaton verified it with the CDFA Financial Services Unit. The explanation they gave was that Program Funds received a much higher interest rate during 2007.

The disadvantages to moving the reserve amount to an outside account is that there is considerably more management with no guarantee of increased returns, or at least higher returns to offset the additional layers of administration. The following processes or activities would have to be established:

- Multiple signatures for transfers
- A transfer equivalent to anticipated monthly expenditures would have to occur each month.
- Another layer of accounting for the transfers and monthly projections would be needed.
- Expenditures must still be tracked through CDFA
- The Board would have to identify or contract a trust manager, as well as formulate an investment policy. Heaton noted that the CCIA Board, which he is appointed to, spends considerable time reviewing their investments and

investment policy. The Seed Advisory Board would be tasked with similar endeavors.

Heaton suggested that since there is so much concern about the amount of funds in the reserve, the Board should consider other means to reduce that amount.

Member Gabe Patin suggested that the Seed Services Program payoff the Bond Debt Repayment. His idea was that if the state needs cash, and the Board wants to reduce the reserve, the Seed Services Program could simply use some of their reserve money to pay off the bond debt.

Heaton agreed to look into it, but he wasn't sure it could be done since the Board is so close to paying off the debt anyway (Fiscal Year 2012= last payment). In addition, the Department may have already included the bond payment in their revenue projections for FY 2012. He speculated that the gain may simply not be worth the time to make the adjustments.

Member Keithly motioned that Heaton offer the Department an early payoff of the Bond Debt for the Meadowview Facility. Member Patin seconded the motion. Motion carried.

6. Out of state trip proposals for FY 2011

The trips requested for approval were the same trips as approved in the prior year. Heaton explained that although the Board recommended expenditures for trips in the present year totaling \$38,000 (attachment 1), the Department only received authorization to spend about \$11,000. The process of reducing expenditures for travel year after year is making it very difficult for staff to attend critical meetings the Board has recommended staff attend. In addition, Heaton estimated that he is presently spending about twenty percent of his time writing justifications for various expenditures, including travel that the Board has already approved. He anticipated that it will be very difficult to get approval for the out-of-state trips staff members need to take during the summer of 2010.

The Board inquired if there was another way to fund travel, rather than relying on payment through the Department.

Rick Dunkle inquired if anyone has ever quantified the degree to which the industry suffers financially because staff members are not able to obtain the credentials they need.

Bob Stewart commented that Certification Agencies within various state government agricultural departments are also experiencing the same travel restrictions due to budget reductions.

Member Paul Frey asked if the state's policy is saving the state any money. He inquired if the Board could pass a resolution that challenges the policy.

Mike Campbell suggested that when important political appointments are made at the Capital, perhaps a board member can accompany CSA to welcome the new appointee and show the new official that the seed industry has great concern about certain policies that affect the industry and its ability to participate at critical meetings.

Heaton explained that the State does not save any money from the general fund because all of the expenditures for these trips come directly from funds collected by the industry and

forwarded to the Seed Services Program. No general funds are used. In fact, the current restrictive policy costs the industry money because it is creating inefficiencies and diverting resources that would otherwise be used to operate the Seed Services Program. Inefficiencies contribute to the need for expanding programs to accomplish essential activities that are not getting done.

Rick Dunkle explained that when only a limited number of employees have the credential to perform inspections or collect seed samples, the industry experiences product delivery delays. Those delays directly translate into lost business and money to the state. He suggested that since the California seed industry was recently estimated to be worth \$2.8 billion, the potential losses could be substantial.

Heaton added that a recent news report said the state lost 30% of expected revenue due to a downturn in business.

Member McShane made a motion that the California Seed Association formulates an appeal to the present policy that denies authorization for travel of trips that were previously approved by the Board. He added that all of the expenditures come from industry money governed by an industry board which desires to maintain a strong seed industry in California. The Board has made the determination that attendance by CDFA staff at certain meetings is critical to the continued success of the seed industry in California.

The motion was seconded by Member Keithly. Motion carried.

Member Gabe Patin then motioned that the Board approve the out-of-state trips as proposed in the handout. Member Keithly seconded the motion. Motion carried.

7. Fund condition for the Seed Lab Ag Fund and Seed Services

Seed Lab Ag Account – Fund Condition

A handout (attachment 2) reporting the present fund condition of the Seed Lab Ag Fund was provided to the Board. Heaton explained to the Board that the Seed Lab Ag Fund was the account that the department has set up to receive payment for services performed by the seed lab. The Seed Lab Ag Fund is different than the account the lab has for general funds and expenditures.

In the previous year, the lab collected revenue of about \$45,000, which was about \$10,000 more than the bond debt repayment. Heaton projected revenue of about \$60,000 for the next fiscal year. The handout showed that the actual bond debt repayments in prior years were slightly less than revenue, which resulted in a slow growth of a reserve. Heaton estimated that by the end of FY 2011, the Seed Lab Ag Fund will have a reserve of \$129,557. These funds can be used for equipment acquisitions and seasonal help.

Member Patin asked how early payoff of the bond debt would be handled. Would the funds come from the Seed Lab Ag Fund?

Heaton replied that money would probably have to be transferred from the reserve of the Seed Services Program to the Seed Lab Ag Fund, which would then be able to pay off the bond debt.

Member Kelly Keithly made a motion to accept the Seed Lab Ag Fund Condition Report.

The motion was seconded by Member John McShane. Motion carried.

Seed Services Program – Fund Condition

Heaton provided a handout titled “Fund Condition for Seed Services – May 12, 2010” (attachment 3). He noted that FY 2007 was the prior-prior year and it had a beginning cash balance of \$618,066. After accounting for revenue received and expenditures in FY 2007, the beginning cash balance for FY 2008, the prior year, was \$824,587. Since most of the expenditures in FY 2008 have now been accounted for, Heaton does not expect a significant increase in the final amount for expenditures in FY 2008. This means that the Seed Services Program had a beginning cash balance of about \$1,120,548 for the current year; FY 2009.

Heaton observed that the cash balance in the Seed Services Program has grown significantly over the last three years; mainly due to increased enforcements on firms not authorized to sell seed, the higher value of reported seed sales, and the reduction in expenditures due to recent furloughs.

Since the Board previously expressed concern about the size of the cash balance and considered recommending a reduction in the assessment rate, Heaton anticipated such a motion and used a lower assessment rate to project revenue and cash balances for FY 2010 and FY 2011.

Based on end-of-year estimates for revenue and expenditures in the current fiscal year, the projected beginning cash balance for FY 2010 is estimated to be \$1,620,501. If the assessment rate is lowered to twenty-eight cents per one hundred dollars value of seed sales for FY 2009 and in FY 2010; and if those reported seed sales only increase by two percent per year, Heaton estimates that the beginning cash balance for FY 2011 will be \$1,532,079.

He further noted that the estimate of beginning cash balance in FY 2011 assumes that the present furlough situation will not be continued in FY 2010. If furloughs continue, the projected expenditures for FY 2010 will be less than originally used in the calculations and therefore the projected beginning cash balance of \$1,532,079 for FY 2011 will actually be higher.

Heaton explained that the revenue estimates for FY 2010 and FY 2011 are based on an assessment rate of twenty-eight cents per one hundred dollars value of reported seed sales. Even with the reduction in assessment rate, he expects that the cash balance will continue to grow; though not as fast. He admitted that his projected increases for reported seed sales are conservative and it is very likely that the revenue or collections from assessments will continue to exceed expenditures, even with the twenty-eight cent assessment rate.

Chairman Scarlett asked the Board if there were any concerns about the projections for the value of reported seed sales in FY 2010 and FY 2011.

Member Falconer noted a recent news article that reported that global seed sales increased by 10% in 2009, considerably higher than Heaton’s 2% projected increase.

Heaton conceded that his prior projections for seed sales were indeed a bit low since the Seed Services Program actually collected about \$108,000 more than the expected amount

in FY 2009. He stated that recent reductions in expenditures and the Board's desire to minimize excess collections and prevent the reserve from growing too large, are all reasons for setting the assessment rate at twenty-eight cents.

Member Keithly motioned that the Board accept the fund condition reports as presented. Member McShane seconded the motion. Motion carried.

9. Level of funding for the seed laboratory; an MOU for FY 2011

Heaton reported that he expects the Seed Services Program to end up paying \$401,294 to cover half the expenditures by the seed lab in FY 2009. As a point of reference, he noted that the total payment for FY 2008 was \$428,502, which is actually more than what the lab is projected to spend in FY 2009. This demonstrated that for FY 2009 the lab has reduced their expenditures, probably because of a reduction in overall salary expenditures due to furloughs and attrition.

For FY 2010, the Board previously approved \$449,028 to cover one half of the lab's expenditures.

For FY 2011, Heaton estimated that the lab's expenditures will be approximately \$963,106. One half of that amount calculates to \$481,553, which is the amount he presented to the Board for approval (attachment 4).

Gabe Patin asked Heaton what his base was for estimating the expenditures in FY 2011.

Heaton replied that he used the projected total for present year, FY 2009, and then increased it by 15% to capture what was lost due to furloughed salaries. He then increased that total amount by 2.5% for inflation in FY 2010 and 2.5% for inflation anticipated in FY 2011.

Member Marc Meyer motioned that the Seed Services Program enter into a memorandum of understanding (MOU) with the CDFA Seed Laboratory for the amount of \$481,553, which will support one-half of their estimated expenditures in FY 2011.

The motion was seconded by George Hansen. Motion carried.

10. Seed Biotechnology Center Report

Sue DiTomaso provided a financial accounting of the funds received by the Board in the past year (attachment 5). She explained that the funding is very useful because it helps to provide funding for the core activities of SBC.

Kent Bradford provided a copy of the SBC Annual Report and then briefly hi-lited their recent activities.

- An update of the SBC website, including a listing of faculty members that have agreed to be associates of the SBC. This listing will be helpful to people interested in finding collaborators.
- Development of a link for web traffic directed from SeedQuest's Web Page. Francois Korn has agreed to present an SBC webpage when individuals request results for the keyword(s) search of "seed biotechnologies" on his webpage. Through this mechanism the SBC can provide accurate and concise information about various critical issues about seed biotechnologies to reporters and the public.

- A three-cycle survey of plant breeding experts about curriculum to teach plant breeding has been completed, and a summary is being compiled. It is expected that a report will be available in the next few weeks. This report can be used as a guideline by individuals or institutions trying to develop a curriculum for plant breeders.
- The second Plant Breeding class will be graduating in June 2010. Recruitment is under way for the next class, which will start instructions in the fall. Dr. Rale Gjuric has been appointed Director of the Plant Breeding Academy.
- A first meeting for the European Plant Breeding Academy was held in March. There are fourteen students in that program. Over the next two years there will be additional meetings at four different locations, utilizing various instructors.
- Dr. Van Deynze successfully organized a “Breeding with Molecular Markers” workshop in the spring. Current planning is underway for a “Seed Biology: Production of Quality” course to be offered in January or February of 2011.
- SOLCAP is a research project that’s determining the sequence of expressed genes in tomatoes and potatoes. Those sequences will be compared and molecular markers developed to enable high throughput characterization of genotypes. The plan is to characterize 1200 lines of varieties and 7600 loci in each one.
- Dr. Van Deynze received a new grant from USDA to focus on Phytophthora Root Rot in peppers.

Mike Campbell reported that the SBC has been working in conjunction with Francois Korn to develop an educational program for new people coming into the seed industry. It will include a comprehensive overview of the major components of the seed industry. The vision is to use case studies during a one-week course that would be taught by subject matter experts from the industry. The idea is to take the course to the customers. Initially this would involve offering the course in Northern California, Central California and Southern California; probably the Imperial Valley.

Member Hanson inquired if there would be a component about seed dealers.

Campbell replied that the current focus is more on the production side of the seed industry and business considerations for seed companies. He reported there has already been an interest expressed from the banking industry and other industries that serve the seed industry.

11. Seed Services Proposed Budget for FY 2011

A handout titled “Proposed Budget for FY 2011/12” was provided to the Board (attachment 6). Heaton briefly reviewed the various categories and finished with a proposed budget of \$1,714,600. He noted that this represents a one percent increase over the budget approved by the Board for FY 2010.

Member Frey asked how many people are included in the calculation of Personnel Services.

Heaton replied that the number is approximately four-and-one-half employees. He added that sometimes the charges increase when people retire and their vacation and sick leave

must be cashed out by the Program. This is part of the reason to keep a reserve of one-fourth to one-half.

Member Keithly made a motion that the budget presented for FY 2011 in the amount of \$1,714,600 be approved by the Board and recommended to the Secretary. Member Patin seconded the motion. Motion carried.

12. Recommendation for assessment rate

Chairman Scarlett noted that according to the projections previously presented, the assessment rate would have to be set at twenty-eight cents per one hundred dollars value of reported seed sales in California. He inquired if other members of the Board were comfortable with that rate or if they wanted to set the assessment lower than twenty-eight cents.

Member Keithly responded that he believes the Board should not go lower than twenty-eight cents because he thinks it is important to avoid a scenario where the assessment is too low and then the Board has to increase the assessment rate.

His concern was noted and other members of the Board agreed. The consensus was that as the value of reported seed sales increases, the twenty-eight cent assessment rate should be adequate for several years, especially considering the substantial reserve that the Seed Services Program has.

Heaton also agreed and stated that even with a twenty-eight cent assessment rate there would be much draw down on the reserve. In fact he thinks the reserve will actually continue to grow, but at a slower rate.

Assessment rate for California seed sales made in FY 2009

Member Keithly motioned that the Board recommend the Secretary set the assessment rate at twenty-eight cents per one hundred dollars value of agricultural or vegetable seed sold during FY 2009.

Member Patin seconded the motion. Motion carried.

Assessment rate for California seed sales made in FY 2010

Member Keithly motioned that the Board recommend the Secretary set the assessment rate at twenty-eight cents per one hundred dollars value of agricultural or vegetable seed sold during FY 2010.

Member Patin seconded the motion. Motion carried.

13. Nominating Committee Report

Committee Chairman Rick Falconer reported that the Committee recommends George Hansen to be Chairman and Rick Falconer to be Vice Chair of the Board for a two year term.

Member Patin motioned that the Board accept the recommendation from the nominating committee. Marc Meyer seconded the motion. Motion passed.

George Hansen will be the Chairman and Rick Falconer will serve as the Vice Chairman for FY 2011 and FY 2012.

14. Appointment of Nominating Committee for members with expiring terms

Chairman Scarlett announced that Ron Tingley recently informed the Board that he will no longer be able to continue to serve as a public member on the Board. This creates a vacancy for the remainder of his term, which is set to expire March 2012. The law allows the Secretary to appoint a replacement for the remainder of a vacant seat, if anyone would like to make a recommendation.

Additionally, members John McShane, Rick Falconer, Dennis Choate, and George Hansen are approaching the end of their terms, which are set to expire March 31, 2011.

Chairman Scarlett appointed Marc Meyer to be Chairman of a new nominating committee with Kelly Keithly and Paul Frey also appointed to assist Marc Meyer.

15. Closed Executive Session - Scarlett

Chairman Scarlett asked if any of the Board members wanted to convene a closed executive session. There were no requests.

16. Reconvene Executive Session

Not necessary

17. Public Comment

Chairman Scarlett asked if there were any additional comments from the public in attendance. None were made.

17. Other Items – Next Meeting Date

Chairman Scarlett set the date for the next meeting on November 4, 2010 at 8:15 a.m. at the CDFA Meadowview Facility.

18. Adjournment

Kelly Keithly motioned for adjournment.
Gabe Patin seconded the motion. Motion carried.
Chairman Scarlett adjourned the meeting at 11:25 a.m.

19. Attachments 1 through 6

Respectfully Submitted

John Heaton

Out of State Travel Proposals for FY 2011-2012

Trip #	Destination	FY	Class Title	Total Attending	# of Trips	# of Days per Trip	Total Days Reqstd	Cost 2011-12 = PY	Purpose/Justification
1	Tampa, FL?	11-12	Sr Agricultural Biologist or Program Supervisor	1	1	4	4	\$1,785	To attend and participate in the midyear meeting of the Association of American Seed Control Officials (AASCO). AASCO members develop uniform seed law between states so as to facilitate commerce and trade. AASCO members vote on provisions for the Recommended Uniform State Seed Law (RUSL), a model for states' seed laws. Seed Control Officials occasionally propose language for RUSL that would not be favorable to the California Seed Industry. It is important to participate in these discussions and provide consideration to seed production and labeling practices in California. If unfavorable code is voted into RUSL, other states may soon adapt the recommended code, thereby creating unfavorable labeling requirements for seed exported from California. This meeting also provide the opportunity for other state seed control officials to learn about labeling practices in California so that they can inform their industry and reduce the need for enforcement actions by CDFA Seed Services. The current Sr. Ag. Biologist for Seed Services is Vice President of AASCO and is in charge of organizing the upcoming national meeting. There will be one four day trip.
2	TBD	11-12	Sr. Agricultural Biologist	1	1	6	6	\$3,448	To participate in the annual meeting of the Association of Seed Control Officials . This meeting is attended by representatives from other states, USDA, Canada and the International Seed Trade Association. Members discuss problems associated with the uniformity of seed production, seed labeling, and vote on changes to the Recommended Uniform State Seed Law (RUSL). The Seed Advisory Board has requested that the program coordinator attend this important meeting and fully participate in the Association of the American Seed Control Officials (AASCO). The Sr. Ag. Biologist will be Vice President of AASCO and will be responsible for developing the agenda with the meeting host. The Sr. Ag. Biologist performs the bill analysis for seed related legislation in California. He will report on current legislation proposed for the California Seed Law and learn of seed related legislation adopted or proposed in other states. There will be one-six day trip.

Out of State Travel Proposals for FY 2011-2012

May 12, 2009
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Trip #	Destination	FY	Class Title	Total Attending	# of Trips	# of Days per Trip	Total Days Reqstd	Cost 2011-12 = PY	Purpose/Justification
3	TBD	11-12	Sr. Seed Botanist and Assoc. Seed Botanist	3	1	8	8	\$10,249	To attend the Joint Annual Meeting of the Association of Official Seed Analysts (AOSA) and the Society of Commercial Seed Technologists (SCST) ; a meeting of U.S. and Canadian government officials, industry representatives and international representatives involved in testing of agricultural, vegetable, flower and tree seed moving in global commerce. Establishing communication and working relationships with professional seed scientists benefits the State by providing channels for continuing exchange of information on laboratory and field techniques for seed quality testing. Attending enables direct discussion and voting input on proposed changes to the standardized laboratory procedures outlined in the AOSA Rules for Testing Seed. By attending, Seed Laboratory personnel accumulate continuing education credit as required by the SCST to maintain Registered Seed Technologist accreditation status. All three Seed Botanists serve as chairpersons for various AOSA/SCST committees and all three will be making presentations during the Research Poster/Paper Session. There will be one eight day trip by 3 employees.
4	Brookings, SD	11-12	Senior Seed Botanist or Assoc. Seed Botanist	1	1	7	7	\$2,147	Attend the Mid-West Seed Services Workshop, a training workshop and seminar session for seed scientists sanctioned by the Society of Commercial Seed Technologists (SCST) and the International Seed Testing Association (ISTA). The State's representative will obtain valuable information and teaching materials to be used by CDFA in the training of state, county and California seed industry personnel. Establishing communication and working relationship with professional seed scientists benefits the State of California by providing channels for continuing exchange of information on laboratory and field techniques for seed quality testing. There will be one-seven day trip.
5	TBD	11-12	Sr. Agricultural Biologist	1	1	5	5	\$2,946	Attend American Seed Trade Association's (ASTA) 51st Vegetable and Flower Seed Conference . California seed firms provide two-thirds of the world's vegetable seed. The vegetable seed export market is significant and vital to the continued presence of California Seed Firms. Attendance provides the Seed Services Program Supervisor an opportunity to review state and local issues, labeling requirements and proposed legislation affecting the seed industry and export markets. Legislation concerning the seed law is often initiated by ASTA. Direct observation and participation in sessions at this meeting, provide staff more information and understanding of issues for bill analysis. There will be one-five day trip.

Out of State Travel Proposals for FY 2011-2012

May 12, 2009
Seed Advisory Board Meeting

Trip #	Destination	FY	Class Title	Total Attending	# of Trips	# of Days per Trip	Total Days Reqstd	Cost 2011-12 = PY	Purpose/Justification
6	Brooking, SD	11-12	Associate Agricultural Biologists	2	1	4	4	\$2,745	To attend training to become accredited seed samplers for the International Seed Trade Association (ISTA) . Sampling Rules for various types of seed, sealing seed lots and subdividing samples according to specifications of the International Seed Testing Association (ISTA), the Association of Official Seed Analysts (AOSA), the United States Department of Agriculture (USDA) and the Canadian Food Inspection Agency (CFIA) are becoming increasingly important for seed testing and the export of seeds. Enforcement activities of the California Seed Law require accurate sampling of seeds, however sampling procedures are changing in an effort to standardize procedures for testing seed quality throughout the world. Mid-West Seeds in Brookings, S.D. is one of only four accredited ISTA laboratories and is the only lab offering training. Both Assoc Ag Biologists must be accredited in order to perform their job duties. There will be one-four day trip.
7	Gastonia, North Carolina	11-12	Associate Agricultural Biologists	2	1	4	4	\$2,583	To attend training sessions designed specifically for state seed control personnel on seed sampling procedures and to become a USA Accredited Sampler. California seed firms wishing to export seed are required by certain countries to provide Federal Seed Analysis Certificates. Only local or state employees trained and authorized by the Federal Seed Regulatory Testing Branch in Gastonia, NC , may collect the seed samples used for issuance of Federal Seed Analysis Certificates. California seed firms export approximately \$500 million of seed each year. Federal training is not offered in CA each year. It is important to agricultural trade and the economy of CA that the Seed Services Program maintain a roster of trained employees that can collect the necessary seed samples throughout the state on very short notice. Multiple attendance is necessary to insure that Seed Services can adequately respond to enforcement related requests concerning genetically modified seeds (GMOs) as well as service requests across the breath of California. There will be two-four day trips.

Out of State Travel Proposals for FY 2011-2012

May 12, 2009
Seed Advisory Board Meeting

Trip #	Destination	FY	Class Title	Total Attending	# of Trips	# of Days per Trip	Total Days Reqstd	Cost 2011-12 = PY	Purpose/Justification
8	Gastonia, North Carolina	11-12	Senior Seed Botanist or Assoc. Seed Botanist	1	1	6	6	\$2,559	To attend training sessions designed specifically for state seed control personnel on laboratory testing procedures used to distinguish seeds of genetically engineered varieties of crops. Variety testing is an essential component of proper seed export, import and sales, and will ensure that the State's seed supply meets national and international standards. Hands-on training and discussions by participants from different state seed labs are essential for standardization and reproducibility of variety identification methods across states. The training session will be held at the USDA Seed Regulatory and Testing Branch Laboratory in Gastonia, NC. CDFA has a cooperative agreement with the USDA Agricultural Marketing Service (AMS) for Federal Seed Act enforcement, and therefore USDA-AMS will reimburse CDFA Seed Service for travel, lodging and per diem expenses. No conflict of interest shall arise from taking this trip. <i>There will be one six day trip.</i>
9	TBD International	11-12	Senior Seed Botanist or Assoc. Seed Botanist	1	1	6	6	\$6,339	To attend the 2011 International Seed Testing Association (ISTA) annual meeting; an international meeting of government officials and industry representatives involved in quality testing of agricultural, vegetable, flower and tree seed moving in international commerce subject to labeling and quarantine laws. The ISTA is responsible for developing standardized laboratory procedures (ISTA Rules) for seed quality testing on a global scale to promote orderly marketing of seed worldwide. Consequently, California's seed industry is directly affected by rules and procedures adopted by the ISTA. CDFA seed botanists should be aware of these differences for proper testing of seeds for local, national and international markets. Attending the meeting will enable the State direct input on proposed changes to the standardized laboratory procedures. Additionally, attending the scientific presentations and interacting with industry representatives from around the world is important for keeping abreast of the latest developments in seed technology that might be of benefit to California's seed industry. T trip.

Out of State Travel Proposals for FY 2011-2012

May 12, 2009
Seed Advisory Board Meeting

Trip #	Destination	FY	Class Title	Total Attending	# of Trips	# of Days per Trip	Total Days Reqstd	Cost 2011-12 = PY	Purpose/Justification
10	TBD International	11-12	Senior Ag. Biologist or Seed Botanist	1	1	7	7	\$6,510	To attend the International Seed Federation's (ISF) annual meeting. The meeting is part of a continuing process to facilitate the international movement of seed. Phytosanitary regulations impact seed and other planting material trade patterns. As seeds are increasingly associated with being a vector of invasive species and disease causing pathogens, plant quarantine restrictions are on the increase. The goal of the meeting is to encourage collaboration and exchange of scientific information related to regulations of seed. Government officials that regulate seeds meet with industry representatives from many countries involved in breeding, developing, growing, and commercializing seed, in order to identify best management practices and seed quarantine restrictions that are science-based. The meeting is part of a continuing process to facilitate the international movement of seed while protecting agriculture, human health and the environment. California's seed industry is directly affected by phytosanitary rules promoted by the ISF. Attending the meeting gives consideration to California phytosanitary procedures and quarantine regulations for imported seed. Interacting with seed scientists and regulators from around the world is important for keeping abreast of the latest developments in seed technology that will benefit California's seed industry. This will be one-six day trip. No general funds will be used.
Proposed for 11-12				14	10	57	11-12	\$41,311	Represents same amount approved by Board for prior year (10-11)
History of previous out-of-state approvals and expenditures							10-11	\$41,311	Approved by Board in 2009 but expecting only about \$11,000 spending authority in FY2010.
							09-10	\$39,344	spending in FY09-10. YTD expend = \$1,308 but more coming - MAYBE.
							08-09	\$22,788	PY (as of May 2010) used \$3,507 or 15.4% of approved
							07-08	\$18,594	PPY (as of May 2010) used = \$5049 or 27% of approved
							06-07	\$18,000	May 2008 statement; YTD used = \$5783 or 32%
							05-06	\$15,550	May 2008 statement; YTD used = \$9,751 or 63%
							04-05	\$18,555	March 31, 2007 statement; YTD used = \$9,751 or 53%

AG FUND CONDITION

SEED LABORATORY 13016

May 12, 2010

	PPY 2007/08	PY 2008/09	CY 2009/10	2010/11 Estimate	2011/12 Estimate
CASH BALANCE FORWARD	63,661	66,757	80,975	105,322	129,557
Uncleared revenue (suspense)	0	6,647	1,089	1,089	1,089
Transfer between codes (actually Bond Debt - see below)					
Controller Transfers	0		0	0	0
BEGINNING CASH BALANCE	63,661	73,404	82,064	106,411	130,646
Prior Yr Expenditures - Adjustment	81	-56	-299	-299	-299
Prior Prior Yr Expenditures - Adjustment	27	2	0	0	0
ADJUSTED CASH BALANCE	63,769	73,349	81,765	106,112	130,347
REVENUE					
<i>Testing Fees & Services</i>	40,761	43,967	60,835	60,835	60,835
Miscellaneous	0	-130	0	0	0
Interest	3,026	1,461	500	500	500
TOTAL REVENUE COLLECTED	43,787	45,298	61,335	61,335	61,335
TOTAL CASH BALANCE (AG FUND)	107,556	118,647	143,100	167,447	191,682
EXPENDITURES (Ag Fund)					
Plant Lab Bond Debt **	36,518	35,000	35,000	35,000	35,000
Seed Lab Ag Fund: salary	0		0	0	0
Other	4,280	2,672	2,779	2,890	3,006
TOTAL PROGRAM EXPENDITURES	40,798	37,672	37,779	37,890	38,006
BALANCE (ENDING RESERVE)	66,757	80,975	105,322	129,557	153,676
AG TRUST FUND					
Interest	12,594	13,273	13,933	14,295	14,451
TOTAL AG TRUST FUND (RESERVE)	13,273	13,933	14,295	14,451	14,607

FY 2012 should be end of Bond Debt Repayment

FUND CONDITION FOR SEED SERVICES - May 12, 2010

	PPY 2007/08	PY 2008/2009	CY 2009/2010 EOY Estimate	2010/11 Rev Proj. vs Expend SAB Approv 5/9/2009	2011/2012 Fund Condiion Est. 2% Inc Sales
BEGINNING CASH BALANCE	\$618,066	\$824,587	\$1,120,548	\$1,620,501	\$1,532,079
REVENUE CATEGORIES				If assessment 4 pts lower on 2009 sales	With assessment at 28 cents /\$100 sales made in 2010
Assessment \$	1,409,260	1,534,726	1,709,491	1,525,513	1,556,023
Miscellaneous	159	172	1,725	200	200
License Fees	20,146	19,844	20,000	20,160	20000
Penalties	7,802	13,753	42,266	10,000	10,000
Interest	84,632	43,107	14,286	14,000	14000
Interest from Infrfund Loan	2,545	3,238	638.92	750	750
TOTAL REVENUE	\$1,524,544	\$1,614,840	\$1,787,768	\$1,569,873	\$1,600,223
Reimbursement 224A - Admin	22,892	32,293	34,483	38,948	43219
TOTAL RESOURCES before Expenditures	\$2,165,502	\$2,471,720	\$2,942,799	\$3,229,322	\$3,175,521
EXPENDITURES					
Seed Services	610,687	562,670	601,004	928,215	913,021
Seed Laboratory	410,228	428,502	401,294	449,028	481,553
Ag Commissioners	120,000	120,000	120,000	120,000	120,000
UCD SBC	200,000	240,000	200,000	200,000	200,000
TOTAL EXPENDITURES (BUDGET)	\$1,340,915	\$1,351,172	\$1,322,298	\$1,697,243	\$1,714,574
BALANCE IN AG FUND (Resources - Expenditures)	\$824,587	\$1,120,548	\$1,620,501	\$1,532,079	\$1,460,947
AG TRUST FUND					
Interest	121,481	127,520	130,325	132,425	134,525
Interest	6,039	3,315	2,100	2,100	2,100
ENDING AG TRUST (RESERVE)	\$127,520	\$130,835	\$132,425	\$134,525	\$136,625
Notes of Interest					
Reserve Calculation: The amount required to keep in reserve = 1/4 budget (expenditures)	\$335,229	\$337,793	\$330,575	\$424,311	\$428,644
Number of Licenses	504	496	500	504	500
Reported Value of Seed Sold in CA	\$ 440,393,815.63	\$ 479,601,787.50	\$ 534,215,984.38	\$ 544,826,071.43	\$ 555,722,500.00
Assessment Rate	0.32	0.32	0.32	0.28	0.28
				2% inc in sales value	2% inc in sales value

ESTIMATE OF FY 2011 MOU BETWEEN SEED SERVICES AND THE SEED LABORATORY

Seed Laboratory MOU Calculation

	Unadjusted 09/10 EOY Proj Values	Adjustments	09/10 EOY	SAB Approved in May 2009 for FY 2010/11	Estimate (15%+5%) increase over 09/10 for FY 11/12
PS, OE&E, SPEC ITEM (use 13015 3rd qtr proj YTD + Adj)	\$ 668,256.00	none	\$ 668,256.00	\$ 758,381.87	\$ 801,907.20
FACILITIES OPERATIONS (use PY of 13012)	\$ 415,844.00	16%	\$ 66,535.04	\$ 60,588.25	\$ 79,842.05
UTILITIES (use PY of 13012)	\$ 295,284.00	16%	\$ 47,245.44	\$ 56,759.61	\$ 56,694.53
SEED IT (use CY of 13010 3-27-426-08)	\$ 102,762.00	20%	\$ 20,552.40	\$ 22,326.07	\$ 24,662.88
TOTAL FOR SEED LABORATORY			\$ 802,588.88	\$ 898,055.80	\$ 963,106.66

MOU CALCULATION

Less Revenue from Service Samples	Now = \$0 since revenue is used to offset Bond Debt				
	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REIMBURSEMENT EXPECTED					
50% of Lab Costs = MOU Funding	\$ 401,294	\$ 449,028	\$ 481,553	\$ 481,553	\$ 481,553

Note: Actual for FY 08-09 was \$428,502. FY09-10 will be lower due to furloughs and attrition.

Need Approval by
Seed Advisory Board

UC Davis Seed Biotechnology Center 2009-2010 Budget & Actual

	Budget 2009-10	Actual 4/30/2010
<u>INCOME</u>		
1 California seed assessment	\$ 200,000	200,000
<u>EXPENSES RELATED TO THE CDFA CONTRACT</u>		
2 Personnel salaries & benefits	156,000	133,728
3 Computer equipment and software	\$ 4,000	636
4 Office communications	7,000	6,993
5 Publications	6,000	4,990
6 Office supplies and misc. expenses	4,000	3,360
7 Industry outreach travel and meeting expenses	20,000	14,753
8 Research and program support	2,000	500
9 Other	1,000	0
TOTAL EXPENSES	\$ 200,000	164,960
NET INCOME OVER EXPENSES	\$ 0	35,040

- 1 Funds collected by the CDFA and allocated by recommendation of the Seed Advisory Board.
- 2 Partial salary and benefits for the following: Administrative Assistant (50%), Manager of Outreach (50%) and Professional Researcher (77%).
- 3 Computers, software, projectors and other technical equipment. Internet communications, programming and web server support provided through UC.
- 4 Office communications (phone, fax, copier and postage).
- 5 Publications including annual reports, newsletters, brochures and special publications.
- 6 Office supplies and miscellaneous.
- 7 Meeting and conference expenses including travel and registration fees.
- 8 Staff funds for exploratory research or service-oriented projects.
- 9 Expenses incurred for special projects (i.e., start-up fees for mapping program, workshops, etc.).

Proposed Budget for FY 2011/12

SEED SERVICES PCA 15551

SAB Mtg. May 12, 2010

	PPY 2007/2008 per 5/2010	PY 2008/2009 per 5/2010	CY FY 2009/2010 EOY Proj	2010/2011 Approved SAB (5/15/08)	Proposed FY 2011/2012 SAB (5/12/10)	
Permanent Sal	314,700	285,074	299,328	408,236	393,750	¹
Temporary Help Sal	13,706	14,658	15,391	23,000	16,160	
Staff Benefits	136,708	120,875	126,918	165,947	179,400	²
Sal Sav	0	-17,369	-18,237	0	0	
Salary & Benefit Recovery	-48,639	-6,228	-6,540	0	0	³
TOTAL PERSONAL SERVICES	416,476	397,009	416,860	597,193	589,310	
General Expenses	8,130	8,172	8,581	9,761	9,010	⁴
Printing	1,179	334	351	610	850	
Communications	2,592	2,003	2,103	5,449	3,000	
Postage	948	783	823	612	1,200	⁵
Insurance-Vehicles	1,156	1,126	1,182	2,080	1,500	⁶
Travel In-State	10,432	8,172	10,954	17,138	11,502	⁷
Travel Out-of-State	5,049	3,507	6,308	41,311	41,311	⁸
Training	899	125	131	2,369	1,000	
Facilities	14,666	25,654	15,400	22,297	25,463	
Utilities	463	629	660	734	694	
Cons & Prof	51	295	309	6,353	10,000	⁹
Data Processing	0	0	0	306	0	
Interdeptl Charges	0	0	0	0	0	
Division - Indirect	24,229	22,817	23,957	15,755	25,155	¹⁰
Dept. - Indirect	60,692	56,956	63,727	70,329	66,913	
Legal Svs-Indirect	0	0	0	0	0	
Production Services - Direct	0	0	0	0	0	
Plant IT	410		0	8,789	500	¹¹
Centralized Svs	1,087	922	968	119	1,017	
Other Interdeptl Charges	68	0	0	0	0	
Pro Rata	62,483	54,772	62,731	76,834	73,447	¹²
Equipment	0	0	0	30,520	30,520	¹³
Misc. Ag. Services	425	0	446	0	500	¹⁴
Field Expenses/Agri Supplies	0	0	0	0	500	¹⁵
Vehicle Operations	16,957	11,687	17,805	19,656	19,656	¹⁶
Research Contracts UCD SBC	200,000	240,000	200,000	200,000	200,000	¹⁷
Other Misc. Charges	432	0	0	0	0	
Subtotal Oper Exp/Equip	412,350	437,954	416,437	531,022	523,737	
Ag Commissioners	120,000	120,000	120,000	120,000	120,000	
Seed Laboratory (Gen Fund) Annual Agreement	410,208	428,502	401,294	449,028	481,553	¹⁸
TOTAL OPER EXP/EQUIP	942,558	986,456	937,731	1,100,050	1,125,290	
TOTAL BUDGET	1,336,142	1,351,172	1,322,298	1,697,243	1,714,600	¹⁹