

WCIA Membership Meeting

Powell R&E Center

February 6, 2009

Welcome and introductions.

President Forman called the meeting to order at 9:29 am.

In attendance: Kim Decker, Andrea Leonard, Jeff Edwards, Brent Brewer, Jamie Franko, Linda Easum, Melodi Allen, Tim Anderson, Jack Cecil, Dave Johnson, Lyle Evelo, Brian Duyck, Kelly Spiering, Mike Killen, Vickie Hetzel, Rick Rice, Sandy Snider, Gary White, Sandra Frost, John McDonnell, Steve McDonnell, Susan Winslow, Ken Borchert, Dustin Reuter, Jim Jacobs, Steve Miller, Bret Hess, Lynn Preator, Tim Preator Zach Preator, Fred Hopkin, Ron Scott, John Grover, Rick Coyle, Gil Waibel, Cory Forman, Mike Forman, Mike Moore, Debbie Nuss.

Call for additional agenda items.

None reported.

Approval of the 2008 minutes.

A motion was made by Kelly Spiering to approve the minutes as presented. Lyle Evelo second. Motion carried.

Financial Review Committee Report.

Gil Waibel explained that he and Bill Cox went over the financial statements and found them all to be in order.

Gil Waibel put forward a motion to accept the financial statements as presented. Tim Anderson second. Motion carried.

Seed Lab Report

Gil Waibel also gave the Seed Lab report. Currently there are 5 fulltime analysts and two call-in staff working in the lab. He stated that sample numbers continue to grow from customers other than the BLM, but a drop in BLM samples has flattened the lab's growth curve. They purchased rice rolls and a table-top Clipper cleaner to provide testing services for combine-run alfalfa. The WCIA purchased spiral probes last year to help ensure representative samples were drawn.

WCIA LF account incorrect automatic transfer.

Mike Moore explained that both the WCIA and WCIA LF accounts were previously held by Shoshone First Bank which was purchased by Wells Fargo. The Legislative account had \$2,000 withdrawn in November and again in December of 2008 as the result of a bank error. Mike gave complete details to the Board of Directors at their meeting on Thursday, but shared with the membership that in the end, Wells Fargo tracked down the problems and corrected the account in January 2009. Due to the fact that the financial statements are figured on a cash basis, the corrections will not show up until next year's financial statements.

WCIA account incorrect deposit and returned check fees.

Mike Moore explained that there was also an erroneous deposit made to the WCIA account. One of the checks on that deposit was taken back out of the account due to

insufficient funds, so an additional NSF fee of \$7.00 was charged to the account. This issue has also been resolved as of January 2009.

WCIA Legislative Fund/Lobbyist Report.

Mike Moore reported that with regard to deposits and donations to the Legislative Fund this year, we are pretty much spot on with last year. The people who donated in the past, donated again this year, and donation amounts were the same. Last year, the Board of Directors contacted previous donors, but there was no need this year. We currently have enough money to cover the lobbyist expenses for 2009. That being said, Mike noted that we are basically bringing in what we are spending, so there is no cushion. As some background information, we not only pay Keith Kennedy from the fund, but have also helped sponsor an Ag breakfast for legislators in Cheyenne in the past, although we did not get a request this year. Kelly Spiering noted that Keith Kennedy also lobbies for other groups. He asked if Keith was still content with the amount that he is getting. Mike explained that when we first hired Keith, we negotiated with Keith to reserve \$50/mo. off the \$600 that Keith originally requested with the thought that if there was an issue that was really hot, we would use that money to send someone else, such as Terry Jones, to get involved as well. That has not happened; Keith has handled everything very well. Mike feels that the legislative report Mike Forman gave shows how important it is to have someone in Cheyenne because we would not have realized that some of the bills had the potential to impact agriculture. Mike stated that Keith has not indicated to him that the wages he is making is not satisfactory, but thought that Keith probably wouldn't turn down an increase. It was suggested that we increase his fees by increasing donations. What Keith is doing is extremely valuable, and we would hate to see us lose him. It was noted that individuals who have made the trip down to the legislative session know that it is expensive, not to mention the time commitment. The average individual doesn't have the knowledge or connections that Keith has, and it can be very frustrating. Mike explained that there is a limit as to what the WCIA can provide as far as funding a lobbyist as a not-for-profit organization. In the case of donation solicitations, we are really clear that donations are not a tax deductible. Rick Coyle stated that Keith is very well respected on both the state and national level. Mike explained that we send letter to all growers and some Ag related business in September as part of our annual donation solicitation. John Grover explained that the donation letters do not come at a good time of the year for producers. After discussion, it was decided to change the grower letter to November, with a second letter in February or March with a list of the donors and a short list of Keith's efforts.

Board of Directors Report

The Board of Directors approved a \$500 donation to the Wyoming FFA Foundation, with \$350 for Diversified Crop Production Awards and \$150 for the general fund. Mike Forman also reported that the Board had approved a research proposal from Dr. Islam using WCIA research funds established two years ago. The WCIA will pay about 60% of the total cost of the study, which will look at tall fescue seed production in the Big Horn Basin. The Board also approved the WCIA scholarship, with a cap of \$2,000.

Rick Coyle, Northern Ag Network Advertising.

Rick Coyle thanked the group for their business, and noted that we are actually getting three marketing programs for the price of one. That is the result of them filling empty advertising spots with our ad program. Mike explained that the WCIA and WSCS are splitting the cost of the advertising program, with both entities paying \$2,250.

UW Reports

Anne Leonard, College of Agriculture Development Coordinator explained that funds invested by the UW Foundation have lost over 30% of their value, and that the loss is having a significant impact on what can be done from those funds. She shared that the principal is not used to fund projects, but rather the interest, so as funds lose value, the amount of interest income drops accordingly. The Wind River and Big Horn Basin Research Fund will only be able to fund one small project this year for that reason. She did add that while the Hathaway Scholarship was in a similar situation, the legislature is committed to it and has made sure it will remain functional.

Steve Miller, Wyoming Ag Experiment Station Director explained that Dean Galey had to be in Phoenix to for a meeting regarding UW Foundation funds. College of Ag enrollment has record undergraduate enrollment. Steve echoed Ann Leonard's comment that the Hathaway Scholarship will continue to be supported, and noted that a student getting a 3.5 grade point average can get more money from the Hathaway than is being offered for athletic scholarships. The College is in the third phase of the latest round of academic planning. The plan will go to the faculty first. There will be a name change for the College of Ag; it will become the College of Ag and Natural Resources. Steve feels this name change is positive, as it better describes what we do. Currently there are four Ag Experiment Stations, but there may be a fifth. The new center would be a joint effort between the College of Ag and the School of Energy Resources. Steve is pushing for Sheridan as a location, but it could be in Campbell County due to politics. New positions: a second Livestock Extension Specialist, Equine Science Specialist (a teaching and research position), Ag Economist, Renewable Resource Head (but he will not be here until November of this year). The Invasive Weed Specialist position is still not filled, but we have made an offer to someone. The Powell Agronomist position is in the advertising phase right now, and the WCIA will have the opportunity to comment on candidates for that position. There will be a search for a Sheridan R&E Center Director and an Epidemiologist. There are several legislative issues affecting the College of Ag, and so far they have been approved by Governor Fredenthal and by the Joint Appropriations Committee. The main issue is also the biggest price tag, and it is for the BSL3 laboratory. Items of note at the Powell R&E include a new lateral move sprinkler system, and the pending purchase of a strip tiller to allow for research on that technology. Construction of the foundation seed cleaning facility will begin this year on the old feed lot.

Abdel Mesbah, Director of the Powell R&E Center, provided an update of station activities from 2005-2009.

Action items from committee meetings.

Details of the motions can be found in the respective committee meeting minutes.

- Pure Seed Committee
 - Motion to provide \$500 toward testing of combine-run alfalfa seed samples drawn by Mike Moore. **Motion to approve action item from the Pure Seed Committee carried.**
- Seed Standards

- Motion to adopt the “Generally Accepted Practices for Allowing an Additional Generation of Certified Seed. **Motion to approve the action item from the Seed Standards Committee carried.**
- Motion to accept the AOSCA Genetic and Crop Standards for Alfalfa, Section IV, Seed Standards: Genetics accepted. **Motion to approve the action item from the Seed Standards Committee carried.**
- Motion to change the column heading “Germination” in the grass seed standards to “Total Viable” and add the definition of “Total Viability” to table definitions. **Motion to approve the action item from the Seed Standards Committee carried.**
- Motion to accept new wording regarding “Eligibility Requirements for Certified Crop Varieties”. **Motion to approve the action item from the Seed Standards Committee carried.**

Weed and Pest Noxious Weed Education Program.

Weed and Pest working to develop an educational program on noxious and invasive weed species that is geared toward small acreages. The program would cost about \$300,000 per year to educate and promote work in those areas. Weed and Pest will look to the state legislature for funding, so at this point, this topic is for informational purposes. Someone asked if this would be a State wide program, and Mike Forman indicated that it would be. Mike Moore suggested that if you wanted to help at the local level, to get in touch with your Weed and Pest district.

Financial considerations for a ¾ time position for the Wyoming Seed Certification Service. (PowerPoint presentation).

Mike discussed the financial considerations for a ¾ time position for the Wyoming Seed Certification Service. Mike shared that some people had received some of the information prior to the meeting, and then proceeded to share a presentation detailing the finances for the seed certification program for the last 5 years. The main driving force behind the development of the position is the increase in dry bean acres. It is very difficult to find employees during the windrow inspection season, and this position would help with during that timeframe as well as during the summer inspection season. A permanent position should also improve continuity, consistency, and provide a Plan B if Mike is unable to inspect fields. The financial report showed the program has been operating at a deficit for four of the last five years, and an average deficit of \$0.16 per acre. The WSCS is a fee based program, and as such, must generate sufficient income to cover expenses. Based on that, there is a need to increase fees regardless of the outcome of discussions to add the ¾ position. As with any exploration, some assumptions were made in the process. The assumptions are based on experience and trends. One assumption is that 20,000 acres is a reasonable expectation for the program over time. Of the last 5 years, 2 have been over that figure, and one under. That assumption, along with others, makes it important to set fees at a level that does not simply cover costs, but rather allows for some funds to be built up over time to use in years that have reduced acres. Two scenarios were presented as ways to provide sufficient income for the WSCS with the additional ¾ time staff person. The first would retain all current fees, and simply increase them by the appropriate percentage. The second would be to set a fee on a per acre basis, but in contrast to the current pricing, the cost of tags, bulk sales certificates, and transfer certificates would be included. Application fees, seedling inspection fees for perennial crops, and reinspection fees would still be assessed. Mike noted that application fees and reinspection fees would still be charged. The expenses for the past

five years show major purchases, such as a copier or new vehicle, as well as the range of costs for inspectors depending on the level of experience of those inspectors. Income per acre over the years has been at a high of just over \$7. Average income over the years has been at \$6.23 per acre. Looking at expenses minus support of the seed lab, we are at \$6.39 per acre, which is a net loss of \$.16 per acre over the past five years. The cost of the $\frac{3}{4}$ time position has been broken down into three different salary levels; \$20,000, \$25,000 and \$30,000, with benefits figured at 33%. This position would replace one of the highly trained inspectors, thus the net cost of the position was reduced by \$6,500, so we are looking at a range of \$20,000 to \$33,000 total net cost for the $\frac{3}{4}$ time position. On one of the previous expenses slides Mike added the lowest level of compensation and average expenses for that employee would have been \$148,000. He has done the same thing for the mid level compensation. Looking at the financial statements, the annual expenses with the position show that the \$160,000 level is probably more realistic for the future. Based on the 20,000 acre expectation, that level of income would not result in reserve funds. The lowest level of compensation plus the reserve of 15% would calculate out to \$8.52 per acre across all crops if the acreage fee paid for all costs. At the mid level it would be \$8.90. The current rate is \$4 for all crops except beans which are \$4.50. At the mid level including the reserve we are looking at a target of \$185,000. The question was asked as to what typically happens with the reserve. Mike explained that in the past it was used to support the seed lab, and currently funds are being spent promoting the educational services with the Northern Ag Network. There are other things not directly associated with seed certification that funds are spent on, such as the MATE show and anything associated with the promotion of the seed industry in Wyoming. Fred asked for clarification that the funds were not necessarily set up as a reserve, but as additional discretionary money to be used on a year by year basis for other operations. Mike indicated that was correct. Mike's general philosophy is that we should have one at least year's operating budget in the bank. Once we get above that level, Mike plans to explore opportunities to use the money to benefit the Wyoming seed industry. Mike stated that we have not had a fee increase in over 13 years. Jamie Franko asked where the \$185,000 figure came from because at the \$170,000 plus 15% reserve the figure should be \$195,500. Mike indicated that figure would be too high. Kelly feels 10% would be more reasonable than 15%. The \$185,000 figure would be an increase of 48.9%. This would set beans at \$6.75 all other crops around \$6.00. If acreage fees pay for tags and bulk sales certificates, the fee for beans would be \$10 per acre and all other crops at \$8.50. WCIA would get \$.14 per acre to make up for lost tag fees. Mike stated that there would be internal benefits, as tag billing requires a lot of detail and challenges us at times. Setting fees that way would also promote tag usage, but was also noted that it would mean double billing in some cases, such as alfalfa seed. Mike explained that if growers pay fees up front with WSCS and an alfalfa contractor tags the seed in Idaho, the grower would pay for both Wyoming and Idaho tags. Melodi Allen explained that they will also be charged up front fees for quality assurance inspections, which is not currently being tagged with the WSCS. She feels this would be a disadvantage with their company, but she agrees that fees need to be increased. Mike also noted that with fees paid up front, the financial risk to the grower/contractor is greater if a crop is hailed out or failed inspection. Mike also noted that fees might have to be adjusted for companies that print their own tags. We have our cost of a tag of \$.05 per tag, and the total fee for a tag is \$.12. The difference is going split between the WCIA and the WSCS, so the tag fee is part of the WSCS income. It would be reasonable to reduce a contractor's fees if they print their own tags. Dry bean tag fees are running about \$2.50 per acre, and Mike stated that the fees for companies printing their own tags could be reduced by \$1. A dual

fee charge was suggested, because if a grower's seed doesn't pass certification due to blight, weather, etc. then they are not paying all the fees upfront with no return. Would eliminating tag fees save costs in the office? Mike stated that it would save costs; one of the considerations is in the amount of time and effort it takes to do tag billing and keep that information. It was also asked if there was any way of incorporating the ¾ time position into the part-time office position, so that the part-time staff becomes part of that ¾ time position. Mike had not thought about it from that perspective, mainly because he explained that currently the position held by Christine is responsible for filing and processing field inspection reports, and it is difficult to find someone capable of both clerical work and walking fields. Shared positions with the seed lab make more sense because their busy time is a mirrored image of ours, while the peak need for WSCS office help is at the same time field inspections are done. It was asked if \$4.50 could be paid up front like we do now, and if the field doesn't pass, then you don't pay the second half. Mike stated that Montana is somewhat set up that way to keep their inspection fees low, and that they charge a production fee at the end. Mike has watched their program, and shared that they occasionally run in the red when significant acreage is withdrawn. Mike stated that Idaho fees load everything upfront. Montana's main crop is geared towards winter wheat and by collection production fees after they crop is harvested, they assume some of the risk in the event of a poor crop. Mike sees less risk here because we have irrigated crops and we don't typically have weather related events that cost us a crop. It was suggested to set the fee beans at \$6.50, with the remainder due after the crop passes field inspection. Mike's biggest concern with that concept is it puts him or someone in his position in an ethical dilemma, in that the program would receive less income when a field did not pass, which would tempt inspectors to pass fields that should otherwise fail. That is not a position an inspector should be put in. Mike explained that we currently average 1-2% of fields that fail final inspection. Mike feels his expense numbers are pretty solid, so if we don't generate that level of funding, we will be in trouble. Mike felt we could back off from \$10 to \$9 and go to a straight dollar amount of \$15,000 for the reserve instead of a 15% figure.

Kelly Spiering made a motion that we raise the fees, continue billing the tags and everything separately, basically continue exactly the same way were billing and charging which would put us at \$6, per A. Lyle Evelo second.

Mike stated that to meet expenses plus the reserve goal, the fee for beans would need to be \$6.75 and \$6 for all other crops.

Mike noted that we do not receive any tag income for seed tagged by another state. Jamie Franko, Lynn Preator and Melodi Allen spoke in favor of a fee increase to \$7 on beans.

Kelly Spiering clarified the motion to \$7 per acre for beans, and \$6 per acre for all other crops. Fred Hopkin second. Motion carried.

Jamie Franko asked what the tag fee be under the new pricing. Mike stated they would increase by 49%. With this motion, tag fees would go to \$0.18 for tags printed by the WSCS and \$0.10 for tags printed by the bean companies.

Mike Forman thanked the group for a good discussion and compromise. Mike Moore asked for clarification as to when the fees would become effective. When these numbers

were developed, the thought was to fill the position for the 2010 season, but the bean companies have indicated a significant increase in bean acres this year. Given that the group was in favor of implementing the position as soon as possible, Mike will start working to get this position funded this summer, and the fees will be in effect for the 2009 growing season.

Mike's cell phone.

UW will no longer pay for Mike's cell phone due to IRS regulations, which recognize cell phones as a taxable benefit to the employee. The Board of Trustees decided to not pay for cell phones, but will compensate for them, with that compensation showing up as employee income. Occasionally with Mike's travel, there are roaming and connection fees that would not be covered by UW cell phone policy. The NW District Meeting made a motion to agree to pay up to \$300 a year for those additional fees if they are incurred. It will be on a receipt basis. When Mike travels and his phone charges go over what the university will cover, the WCIA will pay roaming and access charges up to \$300.

Sandy Snider moved to cover up to \$300 by receipt. Ken Borchert second. Motion carried.

Grower contact information.

Mike Moore explained that we get a lot of request for grower contact information. When we previously discussed this issue, it was mostly sales people asking for the information, but Mike is frequently getting requests from what appear to be legitimate production opportunities. We currently treat grower contact information, including telephone numbers and addresses, as confidential. The way we have helped people contact growers is to have the requesting party send us the mailing materials and we will put labels on them and mail them. Mike explained that he has recently explained the policy and options to what appeared to be companies with production opportunities, but he did not hear back from them. Fred asked how we would deal with a request for a grower list if a legitimate seed processor/wholesaler called and wanted a list of growers to grow radishes. Mike stated that we would have make all growers aware of the opportunity through a mailing. Mike indicated that we probably get more requests for addresses than phone numbers. Gary suggested putting the production opportunities on the hotline website. Fred suggested sending emails to the growers. Sandy Snider asked about doing a grower survey. Lyle Evelo doesn't want us to release grower information, and Kelly agreed. The consensus was that there should not be a change in the policy.

Foundation Seed Building.

Mike spoke with Jim Carey (Jim's Building Service) who is interested in bidding on the seed plant conditioning building. Jim was told by campus that the request for bids would go out in the next couple of weeks. The seed cleaning equipment will be moved over from Sheridan. The facility, once operational, will be used to clean our foundation seed only. It will have an area that will house the cleaning equipment that the seed lab will use to do the combine-run alfalfa seed testing, and the R&E Center can also use that area to process research samples.

WCIA Officer Election

Brian Duyck nominated Mike Forman for President. Mike Forman was elected President by unanimous vote.

Kelly Spiering nominated Brian Duyck for Vice President. Brian Duyck was elected Vice President by unanimous vote.

2010 WCIA Meeting

Suggested date: February 4th and 5th

Suggested location: Powell R&E Center

Steve Miller and Debbie Nuss received the 2009 Excellence in Service Award.

Meeting adjourned at 12:35 pm.