

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

**Finance and Audit Committee
Meeting Minutes
May 22, 2014**

A meeting of the Finance and Audit Committee of the Citrus Research and Development Foundation, Inc. was held on Thursday, May 22, 2014 in the Ben Hill Griffin Hall Conference Room, Lake Alfred, Florida. The meeting was properly noticed and recorded. The meeting was called to order at 10:00 a.m. by Chairman Hugh Thompson. Roll was called and a quorum was present. Committee members participating were: Mr. Larry Black; Mr. Bob Stambaugh (telephone) and Mr. Hugh Thompson. Mr. Joe L. Davis, Jr. and Dr. Joseph Joyce did not participate. Others participating were: Dr. Harold Browning; Ms. Diane Johnson; Ms. Shannon Shepp (telephone) and Ms. Audrey Nowicki.

Mr. Black moved to accept the minutes of the January 23, 2014 meeting. Seconded by Mr. Stambaugh, the motion passed unanimously.

Mr. Thompson reviewed the April 30, 2014 financial summary; there was much discussion on the NIFA project, meetings, reporting and management by Dr. Turpen. Mr. Black previously requested Dr. Turpen to report to the Board on the project status; limited information was provided and the Board would like a full report with more specific information at next opportunity.

Mr. Thompson asked Dr. Browning to discuss the Commercial Product Delivery and Research Program Management plan for the coming year. Dr. Browning reviewed the Project Management schedule included in the materials.

Mr. Black stated that antimicrobials may be the most likely mechanism to bring relief to growers and felt more time should be spent on antimicrobials. Mr. Stambaugh indicated that the Governance Committee approved a recommendation to the Board to hire a full time Florida-based consultant to handle the antimicrobial delivery project.

Dr. Browning continues to discuss the Research Management portion with Dr. Turpen, which will be reduced since it is likely there will not be a CATP research cycle like the last few years. Project Management will focus on current projects and their progress, the analysis of research to date across broad topics and identifying projects to move toward delivery. The Scientific Advisory Board, while not likely to be needed to review new research proposals, could be helpful in these analyses.

The discussion moved to the draft FY 2014-15 Budget. Dr. Browning has been working with MAC on funding proposals for antimicrobials, thermal therapy and new groves in Florida which could result in \$1.5 M additional revenue for the next year. Projected research and delivery project costs, including AgroSource projects will be added to estimated expenses and the additional compensation for the antimicrobial consultant will be included before the draft is distributed for Board review. Ms. Shepp indicated that the Florida Department of Citrus has included \$2.5 M in CRDF funding in their preliminary budget.

Dr. Browning reported that the Board has three options to consider going forward with the CRDF research portfolio in light of new federal funding availability and reduced CRDF revenues expected for FY 2014-15. These options are: 1) do not plan a research funding cycle(CATP) for 2014-15, allowing available funds to be used for CPDC and priority projects identified through review; 2) review the

current portfolio to identify opportunities to reduce costs of current projects considered less critical at this time; or 3) seek additional revenue for 2014-15. Mr. Black asked if the cash balance should be spent down since the projects going forward after FY 2014-15 are reduced considerably.

Dr. Browning indicated that next year as the federal funding is implemented, CRDF will transition from research more towards product delivery. A suggestion was made to review the portfolio to determine which projects are less important at this time and could be suspended. Mr. Thompson suggested eliminating the bottom 10% of the projects, advising those researchers to apply for SCRI or NIFA funding. Staff will develop a list of projects which could be terminated early based on input from SAB and the Research Management Committee. Ultimately, this plan for portfolio reduction will be presented for consideration by the Board.

Mr. Stambaugh reviewed the motions approved by the Governance Committee regarding the antimicrobial consultant and legal consulting, indicating that the first consideration would be to look to UF counsel with legal questions, and authorizing Dr. Browning to seek an outside legal team for questions that are in conflict with or cannot be handled by UF.

Dr. Browning reported that Mr. Botts and FFVA will continue to provide support to neonicotinoid labels, and will provide access to regulatory agencies for discussions. However, they do not have the capacity to provide regulatory support for antimicrobial projects moving forward and recommend that CRDF consider contracting regulatory expertise to assist in these topical areas. Mr. Thompson added that the Foundation may have to depend on partners to fund or co-fund future commercialization costs.

With no further business, the meeting adjourned at 11:50 a.m.

Minutes submitted by Audrey Nowicki