

CITRUS RESEARCH AND DEVELOPMENT FOUNDATION, INC.

Minutes of the

Finance and Audit Committee Meeting

Tuesday, January 28, 2020

A meeting of the Finance and Audit Committee of the Citrus Research and Development Foundation, Inc. was held on Tuesday, January 28, 2020 at the UF/IFAS IRREC in Ft. Pierce, FL. The meeting was properly noticed and recorded. The meeting was called to order at 9:30 a.m. by Chairman Ron Mahan. Roll was called and a quorum was present. Committee members participating were Rob Atchley, Larry Black, Ned Hancock, Ron Mahan, and Jeanna Mastrodicasa. Others participating were Rick Dantzler, Sandra Guzman, David Howard, Robin Kocstoyo, Audrey Nowicki, and Deidra Whatley.

Mr. Black made a motion to approve the minutes of the August 19, 2019 Finance and Audit committee meeting. The motion was seconded by Dr. Mastrodicasa, and with no further discussion it passed unanimously.

Mr. Mahan reviewed the November 30, 2019 and December 31, 2019 Financial Summaries. Mr. Dantzler pointed out that fiscal year 2020-2021 has in excess of \$6,000,000.00 committed for projects under contract. Mr. Dantzler also reported that Chairman Ron Mahan met with staff for a thorough review of the accounting procedures and financial state of CRDF. Mr. Mahan has prepared a four-year projection to be discussed later in the day.

Mr. Black voiced his concern regarding the 3-month delay in the execution of the 2019-2020 FDACS contracts, which could result in CRDF's inability to utilize appropriated funds in full in the current year. Mr. Dantzler asked Mrs. Nowicki to comment on the matter. She stated that since the approved 2019-2020 budget projections utilized reserve funds and FDACS preferred not to execute a settlement agreement when asked in October, reserve funds were used for the first quarter legislative-funded project expenses. Mr. Black inquired whether shifting the box tax-funded projects to legislative support for this period would be an option and requested that Mr. Dantzler contact FDACS regarding the possibility.

Mr. Mahan asked Mr. Dantzler to summarize the December 31, 2019 financial position. General variances in the year-to-date budget projections versus income and expenses were reviewed. Mrs. Nowicki explained each of the budget lines in depth. Mr. Atchley asked about committing monies early to CRAFT to be sure the funds were used prior to the next fiscal year; CRDF has until August 15, 2020 to draw on the current year's legislative funds. Mr. Dantzler responded that an RFP process would be established to make monies available to everyone, rather than specifically to CRAFT.

Mr. Black once again requested a solution for the depleted reserve resources by way of a Settlement Agreement with FDACS. Mrs. Nowicki stated that she would compile the data for a settlement agreement to cover the legislative billings from the first quarter, expecting it to be approximately \$1.3

million. Mr. Dantzler wanted to err on the side of caution due to the current legislative session and be sure the presentation would not create the perception that CRDF was not able to spend the current allocation. The board concurred that the settlement agreement should be pursued and all possible funding should be obtained for current projects and future commitments.

Mr. Mahan noted that while none of the CRAFT contracts had been approved or executed to date, it is expected that CRAFT board approval will occur within the next two weeks and the funds will then be distributed to the participants a month thereafter. Mr. Mahan requested that the CRAFT Foundation be contacted to provide their expected payout schedule. Mrs. Nowicki stated that staff would make that request since originally CRDF was going to cover the cost of the trees, but the deliverable language was changed to provide more funds to CRAFT up front.

Mr. Mahan then asked Mr. Dantzler to review the Bayer Crop Science agreement. Mr. Dantzler noted that correspondence was sent to California Research Board (CRB) requesting its participation in the Bayer project and outlining co-funding costs being requested for July through December 2020. CRDF has already funded the project through June 2020, with the current scope of work continuing through that date. Since CRDF cannot continue funding the project at the level it has for the past three years without co-funding, the CRB was approached for potential co-funding beyond June 2020.

It is believed the project fits the criteria for a longer-term USDA NIFA grant or other federal program. To that end, Dr. Denise Manker was requested to provide a reduced scope of work; a budget of \$3.3 million was provided with no objectives negated, but a field trial was eliminated to reach the targeted budget. Mr. Dantzler has been working with Coca-Cola, Pepsico, and CRB in an attempt to bring the four entities together to share in the cost of the project until a USDA NIFA grant or other government funding can be pursued.

Mr. Dantzler reported on his trips to Washington, D.C. and meetings with federal authorities, and the status of NIFA Request for Applications for fiscal year 2020. Since the decision on the NIFA application date will be beyond June 30, 2020 to keep the Bayer project functioning the plan would be for the four entities to equally share in the cost of keeping the project running until the decision would be made. Under the proposal, each of the participating partners would contribute a maximum of \$421,925.00.

The current Bayer Crop Science agreement and amendment require a decision to be made by January 31, 2020. Currently, the CRB Research Committee has endorsed the project and is recommending the outline of the agreement above to the Board of Directors for consideration and approval at their January 31, 2020 meeting. Pepsico is on board and Coca-Cola has agreed verbally, with the caveat that a firm commitment cannot be made until February due to budget timelines.

Since the Bayer project fits one of the categories for a NIFA grant application particularly well, there is confidence in a favorable result from the federal government. Mr. Hancock inquired as to time limits and funding limits regarding the NIFA grant. Mr. Dantzler explained the Coordinated Agricultural Projects (CAPs) grants might have a \$2 million/ year budget cap and can last four years.

If we cannot go through CAPs there is still funding available through other federal grants for projects of this nature.

A recommendation was made by Mr. Atchley to bring a motion before the Board supporting the architecture represented in the proposal to the CRB for a co-funding partnership beginning July 1, 2020. Mr. Mahan touched briefly on the four-year projections, and Mr. Dantzler interjected that CRDF had potentially factored spending \$1 million over the next fiscal year on the Bayer project and the money was in the budget to support the project. Discussion continued among the Committee regarding project timeframes for funding commitments and assurances.

Mr. Dantzler also presented CRB's request to be repaid their funding investment on the same terms as the contract allows for CRDF to be repaid. He explained the amendment he drafted to the CRB agreement would accommodate the request and explained the general contract provision. He also shared that with Bayer, and Bayer was satisfied with all facets of the repayment and allowed for Mr. Dantzler to share the general terms for the reimbursement. Mr. Black asked if CRB would be repaid their investment by Bayer or through CRDF; Mr. Dantzler explained that CRDF would first be reimbursed in its entirety by Bayer, and subsequently CRDF would reimburse CRB in order to keep CRB from having to become a signatory on the contract with Bayer. With no further discussion, the motion for recommendation passed unanimously.

With no further business, the meeting adjourned at 9:50 a.m.

Minutes submitted by Deidra Whatley