



MINUTES

Administrative Committee Meeting
Wednesday, February 13, 2019
Holiday Inn, Pasco, WA

Chairman Kene Christensen called the meeting to order at 9:16 am.

I. ROLL CALL – Attending were:

Committee Members: Kene Christensen, Chris Van Belle, Matt Sealock, Caleb St. Hilaire, and Public Member Jay Castle.

Alternate Committee Members: George Colley, Harold Sealock, and Alternate Public Member Nancy Boettcher.

Growers: Arnold Martin, Ken Schutte, Gary Christensen, Philip Sealock, Todd Wheeler, Craig Gilbert, Harry Visser

Handlers: Max Amundson, Rodney Jones–Callisons, Rich Schneider-AM Todd, Phil Dufault, Jason Davila–Labbeemint, Chris Leman, Elijah Perkins, Jeremy Russell –Norwest, Devin Dekker – RCB International, John Cheatham – Lebermuth.

USDA: Barry Broadbent

Administration: Shane Johnson, Kim Hatch, Marie Mackay and Sheri Nolan

Note: Due to a lack of a quorum, no formal action was taken.

II. USDA Antitrust Statement

Barry Broadbent discussed the Antitrust Statement.

III. Review of Roster Changes

Shane Johnson discussed the Public Member and Public Alternate positions.

Matt Sealock recommended and Caleb St. Hilaire seconded the recommendation to accept Nancy Boettcher as the Public Member and Jay Castle as the Alternate Public Member. The recommendation passed unanimously.

Arnold Martin was presented with a plaque for his years of service to the FWSAC.

IV. Audit Review

Emily McCann from CliftonLarsonAllen, LLP called into the meeting to present the audit review. She noted that the audit was clean and there were no findings or recommendations. Jay Castle recommended and Chris Van Belle seconded the recommendation to accept the audit. The recommendation passed unanimously.

V. Minutes Consideration

The minutes from the October 17, 2018 meeting were reviewed by all. Caleb St. Hilaire recommended and Chris Van Belle seconded the recommendation to accept the minutes of the October 17, 2018 meeting as presented. The recommendation passed unanimously.

VI. Review and Approval of Current Financial Statements

Shane Johnson reviewed the Statement of Income and Expenses for the period June 1, 2018 through February 7, 2019 (Copy attached). He reported that the income to date totaled \$154,938.31; total expenses to date are \$153,078.75 resulting in net profit of \$1,859.56. He also reported that the balance sheet indicated that there is \$33,996.57 in an American West CD, \$52,584.86 in an American West 12-month CD and \$65,293.00 in a Banner Bank account along with \$58,278.26 in a Washington Trust Bank Account, and prepaid insurance, \$2,763.97 for total assets of \$212,933.51. There were no questions on the financial statements and Chris Van Belle made a recommendation that the financial records be accepted as presented. Matt Sealock seconded to the recommendation to accept the financial statements. The recommendation passed unanimously.

Shane Johnson also presented the check detail, October 16, 2018 thru February 6, 2019. Chris Van Belle made a recommendation that the check detail, including all bank fees and checks numbers 8701-8723 be accepted as presented. Matt Sealock seconded the recommendation to accept the check detail as presented. The recommendation passed unanimously.

VII. New Business

A. Report of Executive/Budget Sub Committee

1. Approval of 2019-2020 Compliance Plan

Matt Sealock recommended the approval of the compliance plan as presented. Jay Castle seconded the recommendation. The recommendation passed unanimously.

2. Review and Approval of:

a) **Market Research and Promotion Budget**

Chris Van Belle made the recommendation to approve the Research and Promotions budget as presented, Jay Castle seconded the recommendation. The recommendation passed unanimously

b) **Full Budget**

Matt Sealock made the recommendation to approve the 2019-2020 Full Budget as presented, Jay Castle seconded the recommendation. The recommendation passed unanimously.

c) **Assessment Rate**

Discussion was held on the need to increase the assessment rate. It was noted that in 2014 the assessment rate was reduced by \$0.01 per pound of spearmint oil in order to spend down some of the reserve that the Committee had on hand. At that time it was noted that there would more than likely come a time to increase the assessment rate. With need to update the online certificate the Committee's reserves are projected to be less than one year on hand at the end of the 2019-2020 marketing year. After some discussion Harold Sealock recommended that the 2019-2020 assessment rate be set at \$0.10 per pound of spearmint oil. Chris Van Belle seconded the recommendation. The recommendation passed unanimously.

3. Ag Association Management Service Agreement

The FWS Contracted Staff was asked to leave the room. Discussion was held regarding the service agreement between Ag Association Management and the Far West Spearmint Oil Administrative Committee. Matt Sealock made the recommendation to approve the service agreement between Ag Association Management and the Far West Spearmint Oil Administrative Committee. Chris Van Belle seconded the recommendation. The recommendation passed unanimously.

B. Review of Current Statistics

Shane reviewed the current import/export data, and FWS sales and available figures.

C. Review of Current Regulations

- a. Scotch – 2018-19 - 35% (2019-20 - 38%)
- b. Native – 2018-19 - 53% (2019-20 - 56%)
- c. 2018 – 2019 Salable Increase

Discussion was held on the status of the 2018-2019 Class 3 (Native) salable increase. It was noted that the increase was proceeding through the process. Discussion was held regarding the need of this increase, and options the Committee may have to stop it. After some discussion it was decided that the Committee would not take any action in trying to stop the increase from publishing in the Federal Register.

VIII. Bona Fide Effort

The Bona Fide Effort subcommittee presented their recommendation to change the current Class 1 (Scotch) Bona Fide Effort rule to allow those out of compliance four years to come back into compliance before the Committee takes action on their base. This rule would take effect on June 1, 2019. Those currently out of compliance would, on June 1, 2019, have up to four years to come back into compliance. Chris Van Belle made the recommendation to accept the new Bona Fide Effort rule for Class 1 (Scotch) as recommended by the Bona Fide Effort subcommittee. Jay Castle seconded the recommendation. The recommendation passed unanimously. A copy of the rule is attached.

IX. Next Meeting: Due to the lack of a quorum, the Committee will need hold a conference call to ratify all recommendations made by the committee at this meeting. *(Subsequent to this meeting the Committee met on Friday, March 1, 2019. Meeting minutes from that conference call are attached)*

Chairman Kene Christensen set the date for the next meeting for October 16, 2019 to be held in Pendleton, OR at a location TBD. Area grower meetings will take place 2 weeks prior to this meeting. The Far West Spearmint will hold a golf tournament and bbq on Tuesday, October 15, 2019 at the Wild Horse Golf Course.

X. Adjournment:

The meeting was adjourned by Kene Christensen at 11:19 a.m.

Submitted by:

_____ Shane Johnson, Manager

Attested to by:

_____ Committee Member

Far West Spearmint Oil Administrative Committee
Income & Expense Statement
2/7/2019

	2018-2019 June 1 - February 7	2018-2019 Budget	Over/ (Under) Budget
CASH RECEIPTS			
Assessments	\$ 153,607.31	\$ 194,094.45	\$ (40,487.14)
Interest	\$ -	\$ 400.00	\$ (400.00)
Refunds	\$ -	\$ -	\$ -
Other Income	\$ 1,331.00	\$ 1,500.00	\$ (169.00)
TOTAL CASH RECEIPTS	\$ 154,938.31	\$ 195,994.45	\$ (41,056.14)
CASH DISBURSEMENTS			
<i>Committee Expenses</i>			
Public Relations	\$ 2,544.32	\$ 3,000.00	\$ (455.68)
Committee Per Diem	\$ 2,819.51	\$ 5,000.00	\$ (2,180.49)
Committee Travel	\$ 2,427.50	\$ 8,500.00	\$ (6,072.50)
Total Committee Expenses	\$ 7,791.33	\$ 16,500.00	\$ (8,708.67)
<i>Administrative Expenses</i>			
Agency Fee	\$ 112,666.64	\$ 169,000.00	\$ (56,333.36)
Travel	\$ 7,480.82	\$ 15,000.00	\$ (7,519.18)
Office Supplies	\$ 63.09	\$ 300.00	\$ (236.91)
Copying	\$ 1,548.45	\$ 1,500.00	\$ 48.45
Printing	\$ 168.38	\$ 400.00	\$ (231.62)
Postage	\$ 1,010.30	\$ 1,000.00	\$ 10.30
Land Line Phone	\$ 196.45	\$ 600.00	\$ (403.55)
Cellular Phone Charges	\$ 406.22	\$ 900.00	\$ (493.78)
Dir. & Officer Liability Insurance	\$ 658.34	\$ 2,250.00	\$ (1,591.66)
Internet Services	\$ 149.90	\$ 250.00	\$ (100.10)
Accounting (Annual Audit, Bond)	\$ 6,021.44	\$ 6,000.00	\$ 21.44
Onsite Handler Audits	\$ -	\$ -	\$ -
Compliance	\$ -	\$ 500.00	\$ (500.00)
Dues, Subscriptions, Registrations	\$ 40.00	\$ 500.00	\$ (460.00)
Bank and Credit Card Fees	\$ 111.00	\$ 200.00	\$ (89.00)
Software/Web/AAC Project	\$ 1,426.75	\$ 5,000.00	\$ (3,573.25)
Far West Database	\$ -	\$ -	\$ -
Miscellaneous	\$ 181.96	\$ 400.00	\$ (218.04)
Total Administrative Expense	\$ 132,129.74	\$ 203,800.00	\$ (71,670.26)
Market Research & Promotion	\$ 13,157.68	\$ 12,000.00	\$ 1,157.68
TOTAL CASH DISBURSEMENTS	\$ 153,078.75	\$ 232,300.00	\$ (79,221.25)
Excess Income over Expenses	\$ 1,859.56	\$ (36,305.55)	

Far West Spearmint Oil
Balance Sheet
As of February 7, 2019

	<u>Feb 7, 19</u>
ASSETS	
Current Assets	
Checking/Savings	
Banner Bank	65,293.00
Banner Bank (AW) CD 12 mos	33,996.57
Banner Bank (AW) CD 12-29-18	52,584.86
Washington Trust Bank	58,278.26
Total Checking/Savings	<u>210,152.69</u>
Accounts Receivable	
11000 · Accounts Receivable	16.85
Total Accounts Receivable	<u>16.85</u>
Total Current Assets	210,169.54
Other Assets	
Prepaid Insurance	2,763.97
Total Other Assets	<u>2,763.97</u>
TOTAL ASSETS	<u><u>212,933.51</u></u>
LIABILITIES & EQUITY	
Equity	
39005 · Fund Balance	211,073.95
Net Income	1,859.56
Total Equity	<u>212,933.51</u>
TOTAL LIABILITIES & EQUITY	<u><u>212,933.51</u></u>



**FAR WEST SPEARMINT OIL
ADMINISTRATIVE COMMITTEE**

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Kennewick, WA 99336
(509) 585-5460
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Bona Fide Effort Rule

Proposed at the February 13, 2019 Administrative Committee Meeting

Basic Rule

“Bona fide effort means that on April 15 of each marketing year each grower must have enough acres of land commercially planted with the appropriate Class of Spearmint roots that will, when multiplied by their highest average yield over the past 3 years, or, if unavailable, the highest average yield for their area over the past 3 years, equals at least **20** percent of the initial Annual Allotment issued to them for the following marketing year, provided: a grower’s reserve pool oil shall be used in computing their compliance with this provision and provided further,

Specific
Scotch
Provisions

*If on April 15 a Scotch grower is out of compliance, if the grower has been notified in writing that a bona fide effort is not being made on Class 1 (Scotch), that grower will have *four (4)* years to comply with the rule or their Class 1 (Scotch) Allotment Base will be reduced by an amount equivalent to such unproduced portion *and, provided further*,*

Specific Native
Provision

if a grower has been notified in writing that a bona fide effort is not being made on Class 3 (Native) that grower will have one year to comply with the rule or their Class 3 (Native) Allotment Base will be reduced by an amount equivalent to such unproduced portion. (Section 985.53(e))”

Established Bona Fide Effort rule for Recipients of Additional Base

Specific New
Producer
Provision

Section 985.153 (d) states that:

(d) The person receiving any additional allotment base pursuant to this section shall submit to the Committee, evidence of an ability to produce and sell oil from such allotment base in the first marketing year following issuance of such base.

The Bona Fide Effort rule does not apply towards the five (5) year production requirement of new producers. New producers must keep their issued (drawn) allotment base for at least five (5) years before they can transfer this base. In years where new producers are unable to provide evidence of an ability to produce and sell oil from their drawn allotment base, using the Bona Fide Effort rule, these years will not count towards the five (5) year production requirement.



MINUTES

Administrative Committee Meeting
Wednesday, March 1, 2019
Conference Call

Chairman Kene Christensen called the meeting to order at 11:04 a.m.

I. ROLL CALL – Attending were:

Committee Members: Kene Christensen, Chris Van Belle, Matt Sealock, Ryan Ferguson, Chris Mio, Caleb St. Hilaire, and Alternate Public Member Nancy Boettcher

USDA: Barry Broadbent

Administration: Shane Johnson, Kim Hatch and Marie Mackay

II. Election of Officers

The floor was opened for nominations for Chair. **Matt Sealock moved to nominate Kene Christensen as Chair, Chris Van Belle seconded the motion. The motion passed unanimously.**

The floor was then opened for nominations for Vice-Chair. **Kene Christensen moved to nominate Matt Sealock as Vice Chair, Nancy Boettcher seconded the motion. The motion passed unanimously.**

The floor was then opened for nominations for Secretary. **Nancy Boettcher moved to nominate Caleb St. Hilaire as Secretary, Ryan Ferguson seconded the motion. The motion passed unanimously.**

The floor was then opened for nominations for Treasurer. **Matt Sealock moved to nominate Chris Van Belle as Treasurer, Nancy Boettcher seconded the motion. The motion passed unanimously.**

The 2019 Slate of Officers are as follows:

Chair – Kene Christensen

Vice Chair – Matt Sealock

Secretary – Cable St. Hilaire

Treasurer – Chris Van Belle

III. Nominations

A. **Ryan Ferguson moved to appoint Joe Boisselle as the Alternate Member in Position #4. Caleb St. Hilaire seconded the motion. The motion passed unanimously.**

B. At the Meeting on February 13, 2019, Matt Sealock recommended and Caleb St. Hilaire seconded the recommendation to accept Nancy Boettcher as the Public Member and Jay Castle as the Alternate Public Member. The motion passed unanimously. **Caleb St. Hilaire moved and Ryan Ferguson seconded the motion to approve the recommendation that Nancy Boettcher be the Public Member and Jay Castle be the Alternate Public Member. The motion passed unanimously.**

IV. Audit Review

At the Meeting on February 13, 2019, Jay Castle recommended and Chris Van Belle seconded the recommendation to accept the audit. The recommendation passed unanimously. **Nancy Boettcher moved and Matt Sealock seconded the motion to approve the recommendation to approve the Audit by CliftonLarsenAllen. The motion passed unanimously.**

V. Consideration of Minutes – October 17, 2018 Committee Meeting

At the Meeting on February 13, 2019, Caleb St. Hilaire recommended and Chris Van Belle seconded the recommendation to accept the minutes of the October 17, 2018 meeting. The recommendation passed unanimously. **Matt Sealock moved and Chris Van Belle Seconded the motion to approve the recommendation to accept the minutes from the October 17, 2018 Committee Meeting as presented.** The motion passed unanimously.

VI. Report of Current Finances

At the Meeting on February 13, 2019, Chris Van Belle made a recommendation that the financial records be accepted as presented, Matt Sealock seconded to accept the financial statements. The recommendation passed unanimously. **Chris Van Belle moved and Nancy Boettcher seconded the motion to accept the recommendation to approve the financial statement presented, Nancy Boettcher seconded.** The motion passed unanimously.

At the Meeting on February 13, 2019, Chris Van Belle made a recommendation that the check detail be accepted as presented, Matt Sealock seconded to accept the check detail as presented. The recommendation passed unanimously. **Kene Christensen moved and Caleb St. Hilaire seconded the motion to accept the recommendation to approve the check detail as presented.** The motion passed unanimously.

VII. New Business

Report of Executive/Budget Sub Committee

1. Approval of 2019-2020 Compliance Plan

At the Meeting on February 13, 2019, Matt Sealock recommended the approval of the compliance plan to keep it the same as written, Jay Castle seconded. The recommendation passed unanimously. **Nancy Boettcher moved and Chris Van Belle seconded the motion accept the recommendation to approve the 2019 e-Compliance plan as written.** The motion passed unanimously.

2. Review and Approval of:

a. Market Research and Promotion Budget

At the Meeting on February 13, 2019, Chris Van Belle recommended approving the Research and Promotions budget as written, Jay Castle seconded. The recommendation passed unanimously. **Matt Sealock moved and Chris Van Belle seconded the motion accept the recommendation to approve the Research and Promotions budget as presented.** The motion passed unanimously.

b. Full Budget

At the Meeting on February 13, 2019, Matt Sealock recommended to approve the 2019-2010 Full Budget as presented, Jay Castle seconded. The recommendation passed unanimously. **Kene Christensen moved and Nancy Boettcher seconded the motion to accept the recommendation to approve the 2019-2020 Full Budget as presented.** The motion passed unanimously.

c. Assessment Rate

At the Meeting on February 13, 2019, Harold Sealock recommended approving the .10 cent assessment rate, Chris Van Belle seconded the recommendation. The recommendation passed unanimously. **Nancy Boettcher moved and Chris Van Belle seconded the motion to accept the recommendation to set the 2019-2020 assessment rate at \$0.10 per pound of spearmint oil sold.** The motion passed unanimously.

d. Ag Association Management Service Agreement

At the Meeting on February 13, 2019, Matt Sealock recommended to approve the 2019-2020 Contract as written with Ag Association Management, Chris Van Belle seconded. The recommendation passed unanimously. **Caleb St. Hilaire moved and Ryan Ferguson seconded the motion to accept the recommendation to approve the 2019-2020 Contract as presented**

between Ag Association Management and the Far West Spearmint Oil Administrative Committee. The motion passed unanimously.

VIII. Bona Fide Effort

At the Meeting on February 13, 2019, Chris Van Belle recommended to accept the new Bona Fide Effort Rule for Scotch as presented, Jay Castle seconded. The recommendation passed unanimously. **Kene Christensen moved and Caleb St. Hilaire seconded the motion accept the recommendation to approve the accept the new Bona Fide Effort Rule for Scotch as presented. The motion passed unanimously.**

IX. Next Meeting

Chairman Kene Christensen set the date for the next meeting for October 16, 2019 to be held in Pendleton, OR at a location TBD. Area grower meetings will take place 2 weeks prior.

X. Adjournment

The meeting was adjourned by Kene Christensen at 11:29 a.m.

Submitted by:

_____ Shane Johnson, Manager

Attested to by:

_____ Committee Member