

LOUISIANA RICE RESEARCH BOARD

Minutes

**Crowley, Louisiana
September 24, 2018**

MEMBERS PRESENT: Richard Fontenot, Dane Hebert, John Denison, John Earles, Benjy Rayburn for LDAF Commissioner Mike Strain, Sammy Noel, Kim Frey, Gerald Leonards, Jeffery Sylvester, Eric Savant, and David LaCour

MEMBERS ABSENT: Damian Bollich, Jason Waller, Jude Doise, and Alan Lawson

OTHERS PRESENT: Kyle McCann, Bruce Schultz, Kurt Guidry, Don Growth, Rogers Leonard, Scott Soileau, Dennis Blunt, Monica Valevic, Dustin Harrell and Frankie Gould

The Oath of Office was administered by the Acadia parish Clerk of Court, Robert Barousse, to the Board members in attendance.

After Board members had taken their Oath of Office, Secretary-Treasurer Richard Fontenot called the business meeting to order and asked members to review the agenda items. The main purpose of the meeting was to organize the new Board, conduct elections and give an orientation to new members. He indicated the agenda order may change and asked if anyone had any additional items. Since a new Board had just been appointed, members and guests conducted self introductions.

The first item of business was the election of officers. The responsibilities of the officers were briefly discussed. The floor was open for nominations for Chairman.

Action #1 John Earles nominated Richard Fontenot for Chairman, seconded by Eric Savant.

No other nominations were received.

Action #2 A motion was made by Jeffery Sylvester, seconded by John Denison and carried, that the nominations be closed and that Richard Fontenot be elected by acclamation.

The floor was then open for consideration of Vice-Chairman.

Action #3 Kim Frey nominated Dane Hebert for Vice-Chairman, seconded by Gerald Leonards.

No other nominations were received.

Action #4 A motion was made by Sammy Noel, seconded by Jeffery Sylvester and carried, that the nominations be closed and that Dane Hebert be elected by acclamation.

The floor was then open for consideration of Secretary-Treasurer.

Action #5 John Denison offered himself for consideration, seconded by John Earles.

No other nominations were received.

Action #6 A motion was made by Jeffery Sylvester, seconded by Sammy Noel and carried, that the nominations be closed and that John Denison be elected by acclamation.

Before going into a joint meeting with the Louisiana Rice Promotion Board (LRPB) correspondence from Jude Doise to the Louisiana Rice Research Board was provided to the Board and correspondence from the Louisiana Board of Ethics to both the Boards was provided to each member (attached).

The Board then considered going into a joint executive session with the Louisiana Rice Promotion Board. Since the Boards would be discussing pending litigation, Chairman Fontenot and LRPB Chairman Owen indicated that if any Board member had a conflict of interest they should leave the meeting.

Action #7 A motion was made by John Earles, seconded by John Denison and carried, to conduct and go into a joint executive session of the Boards.

On behalf of the Research Board, Chairman Fontenot asked that in addition to the Research Board members, that Rogers Leonard and Kyle McCann attend the executive session.

The joint executive session to discuss pending litigation was conducted.

Action #8 A motion was made by Jeffery Sylvester, seconded by Kim Frey, to end and go out of a joint executive session of the Boards.

After a short break, Chairman Fontenot called the business meeting back to order and resumed with the consideration of agenda items.

Staff informed the Board that the Louisiana DOA-Office of State Procurement needed a resolution regarding contract signature authority for the Board. While the statutes, LA R.S. 39:1595 (B), provide for the general authority of the Board and officers, they are requesting the actual names and positions authorized by the Board.

The Chairman has been the sole authorized person in the past. The Board briefly discussed the matter and felt that having an additional officer, Vice-Chairman, as back up would be helpful in the event the Chairman was unavailable.

ACTION #9 A motion was made by Sammy Noel, seconded by Jeffery Sylvester and carried, to provide that the Chairman, Richard Fontenot, and Vice-Chairman, Dane Hebert, be delegated signature authority for Louisiana Rice Research Board contracts.

Next, staff also informed the Board of banking procedures and the need to get the new officers authorized on the accounts. The different accounts and fund types were briefly reviewed by Scott Soileau. The 3 officers have traditionally had signature authority on the accounts. All checks have required 2 signatures from the 3 officers. Scott Soileau, the Board's accountant, has the authorization to transfer funds between the accounts, to deposit and to review all account activities. Kyle McCann has had the authorization to access and review all account information. After some discussion the Board was in agreement to continue with the same authorizations and procedures.

ACTION #10 A motion was made by Dane Hebert, seconded by John Earles and carried, to continue with the same banking authorizations and procedures by having all officers, Chairman Richard Fontenot, Vice-Chairman Dane Hebert, and Secretary-Treasurer John Denison, authorized to sign on the accounts and to conduct all business on the accounts. All Board checks would continue to require two signatures from the three officers. The Board also continues to authorize Scott Soileau, the Board's accountant, to deposit and transfer funds between accounts and have access to all account information. The Board also continues to authorize Kyle McCann, staff, to have access to all account information.

The Board next considered the minutes of the previous meeting which had been sent to all members.

ACTION #11 A motion was made by Sammy Noel, seconded by John Denison and carried, to approve the previous meeting minutes of June 27, 2018 as presented.

The LDAF June 2018 assessment collections report was then presented by Kyle McCann. This provided the total for collections of \$1,402,177.98 for FY 2018. Refunds were \$93,596.50 or 6.6% for FY 2018. The August 2018 report showed year to date collections of \$47,261.24 with refunds of \$3,677.20 or 7.7%

Scott Soileau then reviewed the June 30, 2018 financial operating report. He reviewed each of the various fund balances and discussed the current financial position of the Board. The Board discussed the current financial position and the various fund balances. He also asked that the officers provide him information required by the bank.

ACTION #12 A motion was made by Jeffery Sylvester, seconded by John Earles and carried, to receive and file the financial and collections reports.

A brief overview of the Col-Rice TRQ program and the Board's use of the funds was provided by staff. The tariff schedule, administration of the program, auction process and how the funds are split between the two countries and the rice research boards of each state was reviewed. After discussing how the program has worked and the type of projects funded by the Board, a brief update on the Board's efforts to establish an Endowment for the rice research station with the LSU Foundation was provided by Rogers Leonard. The Board has reserved and allocated 1 million dollars in TRQ funds to establish this permanent funding source for the station. The Attorney General's office has been asked for an opinion and hopefully it will be forthcoming in the near future.

Chairman Fontenot stressed the importance of these funds and the long term investments the Board has been able to make with them. The Col-Rice Committee has traditionally been chaired by the Vice-Chairman of the Board and the committee made up of four other Board members. He asked for volunteers to serve on the committee with Vice-Chairman Dane Hebert. After some discussion the following were named to the committee: Dane Hebert, Chairman, Eric Savant, David LaCour, Gerald Leonards, and Jeffery Sylvester. They discussed possible meeting dates and settled on October 29, 2018 at 10 a.m. at the rice station.

The IP Committee was next reviewed by Chairman Fontenot. The process and recommendations from that committee regarding how some royalty income is directed by an MOU with the LSU AgCenter was explained. The Chairman of the IP Committee was traditionally the Secretary-Treasurer of the Board. He asked for volunteers to serve on the committee with the Secretary-Treasurer John Denison. After some discussion the following were named to the committee: John Denison, Chairman, Jude Doise, Sammy Noel, Jason Waller, and Alan Lawson. The meeting date was set for October 29, 2018 at 1 p.m. at the rice station.

Kyle McCann then briefly reviewed the ethics training and reporting requirements for Board members. Members will receive reminder emails. New members will need to complete online ethics training by December 31, 2018.

The next meeting date was set at the previous meeting and will remain on November 1, 2018 starting at 8 a.m.

The public comment period was then conducted. No public comments were provided. John Denison asked about a billboard at the station on the interstate to communicate about what the rice station does.

The LSU AgCenter staff then presented an overview of each of the research projects currently funded by the Board.

There being no further business the meeting was adjourned.

Kyle McCann

From: Jude Doise [judedoise@yahoo.com]
Sent: Saturday, September 22, 2018 10:04 AM
To: Kyle McCann
Subject: research board

Rice Research Board

Congratulations to all returning board members; as well as, all the new appointees. I am looking forward to working with everyone to continue making Louisiana Rice Research a success. As you are all aware, the research station has developed numerous rice varieties from conventional long grains to conventional medium grains, from Clearfield long grains to Clearfield medium grains, from Provisa varieties to Hybrid varieties and the list goes on. I will be dedicated to protect these Louisiana rice producers' assets that they have worked and paid for. Our producers should be rewarded for what they have contributed and not penalized with tech fees. We, as a board, should not stand for anything less. I will stand behind our scientist and industries leaders that help our research station that help our rice producers.

I am regretful that I will be unable to attend the Monday meeting. After reviewing the agenda, my constituents and I feel several issues that follow need to be addressed and discussed so the board can move forward.

Litigation

I think we need to keep in mind that everyone is a class member at this time and there is no "we verse them" litigation.

Why do the boards need two sets of attorneys? In an effort to minimize litigation expenses, why can't Risk Management attorneys assigned by the attorney general be used to defend the boards? After all, it was the state that granted the boards permission to levy unconstitutional assessments.

*Do the boards know what their exposure is?

*How much money could the boards have to pay?

*If there is a judgement against the boards, who pays the money? Is it the state or the boards?

*Have the boards made an effort to settle litigation?

*What are the boards chances of winning a case that has been ruled unconstitutional and the only issue is damages?

*How much money has been spent thus far and who has paid it? Assuming the USA Rice Federation has funded litigation thus far, are the boards responsible for repaying them? I don't have an exact figure, but over the last 10 years, the boards have had to have sent over 8 million dollars to the rice council which in turn sent it to the USA Rice Federation. I DO NOT think the boards should be obligated to repaying litigation expenses.

*If we do not take advantage of Risk Management attorneys, who is going to pay litigation going forward?

*If the court determines the boards had no authority to collect the assessments, and that the boards should not have spent the assessment money, do the boards have to recoup that money from organizations to which it was dedicated (i.e. USA Rice Federation and LSU Rice Extension)?

Thank you all for addressing and answering my concerns.

Jude A. Doise



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August 15, 2018

Mr. Paul "Jackie" Loewer
Chairman, La. Rice Research Board
1373 Caffey Road
Rayne, LA 70578

Mr. John Owen
Chairman, La. Rice Promotion Board
johneo58@gmail.com

Re: Ethics Board Docket No. 2018-638

Dear Mr. Loewer and Mr. Owen:

The Louisiana Board of Ethics, at its July 20, 2018 meeting, considered your joint request for an advisory opinion regarding whether board members of the Louisiana Rice Research Board (LRRB) and the Louisiana Rice Promotion Board (LRPB), who are plaintiffs in lawsuits against each board, may sit in executive session wherein litigation strategy is discussed. You stated that both the LRRB and the LRPB are named defendants in lawsuits filed by numerous rice producers. You stated that a board member from each of your respective boards is a named plaintiff in those lawsuits. You stated that when discussing the litigation your respective boards enter into executive session to discuss legal matters with your attorneys defending the case. You questioned whether it would be an ethics violation for a board member who is a plaintiff in a lawsuit against the board to sit in executive session wherein litigation strategy is discussed.

The Board concluded and instructed me to inform you, that the Louisiana Code of Governmental Ethics (Code) would prohibit a board member of either the LRRB or the LRPB who is a plaintiff in litigation against either board, from attending an executive session of the board wherein litigation matters are discussed. **La. R.S. 42:1112A** prohibits a public servant, except as provided in R.S. 42:1120, from participating in a transaction in which he has a personal substantial economic interest of which he may be reasonably expected to know involving the governmental entity. The facts you presented indicate that the presence of board members who are plaintiffs in litigation against their respective boards would be in violation of the Code in that their presence in the meeting wherein litigation matters are discussed would be a form of participation. In that each board member has a personal substantial economic interest in the outcome of the litigation against each board, their participation would be prohibited.

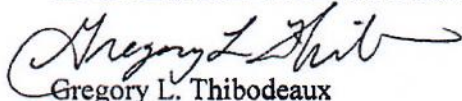
This advisory opinion is based solely on the facts as set forth herein. Changes to the facts presented may result in a different application of the provisions of the Code of Ethics. The Board issues no

Mr. Paul "Jackie" Loewer
Mr. John Owen
August 15, 2018
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opinion as to past conduct or laws other than Code of Governmental Ethics. If you have any questions, please contact me at (225) 219-5600 or (800) 842-6630.

Sincerely,

LOUISIANA BOARD OF ETHICS

A handwritten signature in cursive script, appearing to read "Gregory L. Thibodeaux".

Gregory L. Thibodeaux
For the Board