

Minutes of the Bargaining Council, Perennial Ryegrass Price Negotiations

Supervised by the Oregon Department of Agriculture

July 14, 2003

The meeting began about 9:00 a.m. on March 11, 2003 at the Oregon Department of Agriculture headquarters in Salem, Oregon.

Brent Searle, Special Assistant to the Director, acting as the Director's designee, supervised the negotiations.

In attendance:

Perennial Ryegrass Bargaining Association (PRBA): Jim Carnes (Ex. Director); Board Members -- Ron DeConinck (President), Phil Hawman (Vice President), Don Fisher (Secretary/Treasurer), Alfred Pohlschneider, Mark Reiling, Steve Glaser, Mike Freeman, Dick Lundy, Tim Butler, Dave Malpass, Jack Sayer, and Bob Kennel.

Seed Dealers:

Marshall Peters and Dan Walters (DLF International), Steve Tubbs (Turf Merchants), Roeland Kapsenberg (Barenbrug USA), Dick Olson (ProSeeds Marketing), Bill Dunn (Seed Research of Oregon), Mike Baker (Pennington Seed), Jon Odenthal and Bill Gallagher (LESCO, Inc.), Glen Jacklin (Simplot/Jacklin Seed), Aaron Kuenzi (AmPac Seed Co.), Pat McClain (Burlingham Seeds), Ray Brubakken (Landmark/Scotts Seed), and Chris McDowell (Pickseed).

Proceedings:

Following introductions, Brent Searle, ODA representative supervising the meeting, began by stating the role of the Oregon Department of Agriculture is to actively supervise the discussions and facilitate dialogue to assist the parties in arriving at a mutually-agreeable price for Tournament Quality perennial ryegrass under contract between dealers and PRBA grower members. It is the intent of ODA to consider the recommended negotiated price, if reached, in setting the established price as provided for pursuant to HB 3811.

All dealers present at the negotiations meet the definition of "dealer" as contained in ORS 646.515, pursuant to HB 3811. All dealers present are involved with grower contracts of members of the Perennial Ryegrass Bargaining Association cooperative.

The PRBA read and submitted into the discussion record the following statement:

"Representatives of the PRBA are attending this bargaining session, to negotiate a PRBA member grower price for Tournament® Quality perennial ryegrass seed crop for the crop year 2003, in accordance with legislation HB 3811 (2001). Under legislation passed in the 2001 legislative session and signed by the Governor in May 2001, the Oregon Department of Agriculture is directing the bargaining between the PRBA and dealer representatives, who represent those companies producing and marketing the majority of the production of Tournament® Quality turf type perennial ryegrass seed produced by members of the PRBA; and

the Department of Agriculture is directing the negotiating parties to use criteria which the department has drawn from HB 3811 (2001)."

(Dealers present represent more than 90% of contracted PRBA grower production. The PRBA represents approximately 115 growers who are members of the bargaining cooperative.)

The parties initiated discussions by noting in agreement that pricing two-thirds of the crop earlier in the year and leaving a portion of the crop to be priced around harvest was an effective way to enable factor harvest conditions into the final pricing for the crop year.

PRBA noted that imports are significantly down and the heat this year has affected production throughout the Willamette Valley. Dealers concurred and indicated that demand was somewhat soft as well due to economic conditions and heavy rains through the country this spring.

As this bargaining session was requested by several dealers who favored settling the final price for the 2003 crop year in July, the dealers were requested to present a proposed price position. In order to discuss a pricing position, the dealers broke into a caucus session under the supervision of the ODA representative.

The dealers met and developed a proposal that was subsequently presented to the PRBA Board. This proposal included pricing on the final one-third of the crop at \$65/cwt. in order to develop an average of \$58/cwt for the entire 2003 crop for certified seed (\$57/cwt for uncertified). The proposal also included pricing 50% of the 2004 crop at \$50/cwt. certified and \$49/cwt. uncertified.

PRBA responded in support of a concept that include multiple year pricing to stabilize the market and assist in pricing signals to balance supply with demand and prevent severe price swings.

The Council discussed concern about the commodity seed market that is not under contract, which can be significantly higher or lower in price than the Bargaining Council negotiated price. All agreed that this market will continue to exist and both dealers and PRBA need to encourage all growers and dealers to restrain over planting and speculative pricing.

The PRBA Board broke for caucus to discuss the dealer's pricing proposal.

After returning, the PRBA presented a counter-proposal that would equate to a final average price for the 2003 crop at \$60/cwt for certified and \$59/cwt for uncertified Tournament® Quality seed. The PRBA proposal for 2004 included 50% of the production at \$53/cwt. certified and \$52/cwt uncertified.

The dealers again met under the supervision of the ODA representative to discuss the pricing proposal of PRBA.

Reassembling in the Bargaining Council, the dealers presented a counter-proposal for the 2003 crop at \$67/cwt on the final one-third which would equate to \$59/cwt. for certified, \$58/cwt. for uncertified Tournament® Quality seed when averaged with the earlier negotiated pricing on two-thirds of the crop. The dealers proposed to the PRBA 2004 pricing on 50% of the production at \$52/cwt. certified and \$51/cwt. uncertified.

The PRBA Board again broke for caucus; after returning, the PRBA Board agreed to pricing the 2003 crop at \$59/58/cwt. and agreed to the dealers proposed 2004 price on 50% of the crop at \$52/51/cwt.

The parties agreed that these are fixed prices, not minimum prices.

The Bargaining Council concurred that 200-220 million lbs. is generally the market usage for perennial ryegrass and that pricing on the final 50% of the 2004 crop (in 2004) will reflect whether production substantially exceeds this amount.

The meeting was adjourned at approximately 11:30 a.m.

The negotiated price (2003 crop at \$59/58/cwt. and 2004 price on 50% of the crop at \$52/51/cwt.) was presented to the director of the State Department of Agriculture following the Bargaining Council meeting.

The director reviewed and certified the negotiated prices as the established prices on July 14, 2003.