

Minutes of the Perennial Ryegrass Bargaining Association

November 16, 2006

Held at the Oregon Department of Agriculture, Salem, Oregon

Minutes prepared by Brent Searle, OR Dept. of Agriculture

The meeting was initiated at 9am.

In attendance:

Representing ODA: Katy Coba, Director; Brent Searle, Assistant to the Director; Jim Cramer, Administrator, Commodity Inspection Division.

PRBA Growers and Ex. Board:

Ralph Fisher, Ex. Director; Ron DeConick President; PRBA Board: Jack Sayer, Mike Freeman, Mark Reiling, Dave Vanasche, Tim Butler, Alfred Pohlschneider, Bob Vanderzanden, Ryan Clark, Dan Heuberger, Terry Etzel, Don Fisher, Ron Quiring, Ron Quiring, Dan Sandau, Mike and Matt Dewall, Ryan Clark, Eric Etzel, Pter Etzel, Phil Hawman, Jamie Olsen, Marty Dozlen

Seed Dealers/Companies:

Tod Bond, Mt. View Seeds; Greg Riches and Bill Gallagher, Turf Care Supply; Trevor Abbot and Mike Baker, Pennington Seed; Rick Myers and Marshall Peters, DLF International Seed; Aaron Kuenzi, AMPAC; Steve Tubbs, TMI; Willow Coberly, AGSP; Bill Dunn, Seed Research of Oregon; Blaise Boyle, Barenbrug, USA; Greg Hagen and Bruce Rose, Cascade Seed Co; Rick Dunlap, Simplot; JP Olson, ProSeeds; Rich Underwood, ISMI; Kevin Turner, Scotts.

Following introductory statements by ODA regarding the supervised pricing process and introduction of participants, the discussion started with a general recap of the prior meetings and current perspectives on yields and market movement.

Dealers restated concurrence with approximately 160,000 acres in production and supported yield reports at 1400 lbs./acre, equating to a 224 million lb. crop. They noted good movement in the 4th quarter, but slow down in first quarter for this crop and that a number of factors were contributing to slower demand. They continue to express concern about inventory carry over into 2007 crop.

Dealers stated that the production is higher than is supportive of the 70 cents/lb. negotiated earlier in the year when yields were predicted to be lower.

Some dealers continue to prefer waiting until May 2007 to do final pricing.

ODA indicated that it would not allow pricing discussions to continue beyond November. Pricing in May transfers all the risk to the growers and resembles a cooperative model of patronage dividends after the marketing year is over. The industry is not structured as a cooperative and the marketplace needs a price to move the crop.

Growers continued to believe that yields were less than dealers indicate, and estimated the crop at 210 million lbs. They suggested independent warehouse cleanout rates were not as high as the dealers were indicating. Dealers offered to have anyone audit their clean outs. A process for doing this and paying for the cost was not resolved.

Growers noted droughts in Australia and New Zealand, stronger prices for tall fescue and annual ryegrass, and a strengthening grain market due to the ethanol pull.

The groups broke into caucus for separate discussions.

Upon reconvening the growers proposed 69 cents/lb. for certified and 67 cents/lb. for uncertified Tournament® Quality seed for the entire 2006 crop.

Dealers would not agree to the 2-cent difference between certified and uncertified. Discussion followed about the value of certification and what a 2-cent differential may do to the certification program.

Dealers continued to indicate the market, with the production level and carryover, did not justify 70 cents, and some were pushing more toward 65-66 cents/lb.

Growers were especially concerned about price negotiations dragging beyond October into the marketing year and the chaos it creates, also leaving growers without a price signal before planting time.

Parties broke again for caucusing.

Growers presented a proposal that would couple timing on negotiations with a pricing structure of 68 cents/lb. for certified and 67 cents/lb. for uncertified seed for the 2006 crop. The timing includes initial pricing by May 1, 2007 for the 2007 crop, and pricing by September 1, 2007 for the 2008 crop.

The subcommittees would meet and bring additional proposals forward to the Bargaining Council regarding pricing adjustments, perhaps looking at a formula based on objective data.

The sides agreed to this proposal.

Questions were asked about seed already shipped at 70 cents. The department and the Bargaining Council agreed that the issues were best worked out between growers and dealers.

The parties adjourned.