

Opening Up FAST TRACK

Packinghouse Day

August 23, 2018

Changes to FAST TRACK that impact Suites I, II and III

- Selections will remain in Tier I (Trial Stage) until promoted to Tier II (commercial production) via the exercise of an Option by one or more Tier I Growers.
- Any Selection from Suites I, II and III in Tier II will immediately be available to Tier III Growers who have signed a Tier III Grower Agreement
 - Tier II is commercial production available only to those who participated in Tier I and who executed a Tier II Grower Agreement. Tier II growers pay a royalty of \$1.70/tree
 - Tier III is open to any grower who wishes to execute a Tier III Grower Agreement. Tier III growers did not participate in Tier I. Tier III growers pay a royalty of \$2.75/tree.
 - The Five Year Head Start has been rescinded.
 - This ensures that any grower interested in planting FAST TRACK selections and varieties can do so at any time. Nobody is excluded. The Grower simply has to execute the appropriate agreement.

Citrus Nurseries

- Nurseries may execute a Tier II Nursery license for any FAST TRACK selection in Tier II at any time.
 - Sales are limited to growers who have executed a Tier II or Tier III Grower License. This must be verified with NVDMC prior to the sale.
 - Orders may not be taken for trees until the grower license has been verified.

Citrus Packers

- Packers will be required to execute a Packer license for Tier II and Tier III varieties.
- The packer license essentially requires the Packer to verify the license of the grower before accepting, packing and marketing the fruit.

Comparison of Previous vs New (next Suites)

Topic	Original Plan	Revised Plan
Incentives for Registered Growers	<p>Five year Head Start as an incentive to plant highly experimental selections and to help identify winners.</p> <p>Lower royalties for those who register and assist in the trial stage.</p>	<p>We will maintain the lower royalty incentive for those who register early and assist in the trial stage, but will no longer maintain the five-year Head Start. Opportunities will be widely publicized for 6 months. Growers who enter after the early registration period may enter program immediately, but at a Tier III (higher) royalty rate.</p> <p>Five-year head start is eliminated. Anyone interested can participate at any time.</p>
Registration Fees	<p>\$50 per Selection. Paid at execution of grower registration.</p>	<p>\$150.00 per selection paid at execution of FAST TRACK grower registration.</p> <p>Eliminates shortages. Resolves cash flow issues.</p>
Budwood Supply	<p>Selections are promoted to FAST TRACK. An Industry announcement is made. Propagating Nurseries are identified through FNGLA. Budwood is distributed to these nurseries. BW increase begins. This resulted in delays and shortages.</p>	<p>100 nursery increase trees are prepared in advance of any announcement or offering to industry. These trees will be equitably distributed to interested nurseries. Then the industry announcement is made and registration begins.</p> <p>This ensures better supply of plant material and fewer delays.</p>

Comparison – Cont.

Topic	Original Plan	Revised Plan
Tier System.	Tier I is trial stage. Limit 30 trees. Tier II is commercial production only for those from Tier I. Tier III is open commercial availability at higher royalty after expiration of 5-year head start.	<p>Growers who register in the early registration are Tier I/II growers. Growers decide how much to plant. They can plant small trial, a larger trial or any commercial scale. After early registration deadline passes (1st six months), Tier III registration opens automatically. No delay.</p> <p>Growers are in control of planting decisions.</p>
Administration	NVDMC manages the license and invoicing processes. This is administratively burdensome. Large number of order changes due to variation in nursery orders outside NVDMC's control.	<p>NVDMC will continue to manage the license process. However, NVDMC will not do any invoicing for trees. Growers will order trees directly from nursery.</p> <p>This streamlines the process. Orders & Accounting are between grower and nursery. Get NVDMC out of the middle.</p>
Citrus Nurseries	The Plan limited nurseries in Tier I. However, any nursery could execute Tier II and Tier III agreements when varieties moved into that stage.	Nursery Agreements will be available to any nursery during the combined Tier I/II stage. This same agreement will cover Tier III growers after the expiration of the Early Registration stage (first 6 months). Licensed nurseries will be provided a list of Early Registered Growers, as they will pay the lower royalty.

Summary

- For Suites I, II and III
 - Anything in Tier II – is automatically in Tier III
- For all FAST TRACK Releases thereafter
 - Tiers I and II will be combined.
 - No Five Year Head Start.
 - Six month Tier I/II registration, then into Tier III
- For Suites IV and forward – more nursery engagement earlier
- Less bureaucracy, more trees