

Summary of Points for Consideration in TGANC Referendum

Overview:

TGANC has collaborated with numerous groups since September of 2013 in preparing the ballot and referendum information for growers to consider. We appreciate the input of NCDA, NC State, NC Farm Bureau and other industry partners in working with our farm leaders to develop and advance a comprehensive program for the future. The following is a summary of discussions and determinations from the combination of those meetings.

Basic questions presented were:

1. Who can vote?
Any producer who holds an FSA form 578 and is subject to having his/her tobacco assessed at point of sale.
2. How would you define "grower"?
Same definition as question 1. USDA definition is "shares in the risk" of the crop, but TGANC definition would expand to say "is invested in the costs of production and also markets tobacco."
3. Do you treat individual growers different from family farm corporations?
All persons in the corporation identified at FSA as a "grower" or who are sharing in the assessment and are authorized to receive payment at receiving stations when tobacco is sold would be deemed eligible to vote.
4. How do you verify who can vote?
County Extension Agents will be asked to help verify status of grower. Those not know could be asked to furnish FSA 578 or GAP Certificate.
5. How would new board be structured? What changes? How many members?
Elections would be based on a geographical representation in concert with attention to areas where production is concentrated. TGANC working committee suggests that the board could retain its size of 42 directors and 8 supporting/allied industry members. Elections would come ten grower seats from each of the three geographical regions and 12 "at-large" seats.

The value of a large board provides more comprehensive coverage. It also strengthens the reach of the organization. Similar to many other commodity organizations, it has been recommended that the full board would meet quarterly and a smaller, executive board would meet more frequently and address many of the business and managerial needs.
6. Who is eligible to hold office?
Any member in good standing.
7. What are officer terms?
Two year term and may stand for re-election without limitation. Seats should be staggered to foster board continuity.
8. What about the current supporting members on the board?
The grower members on current board feel strongly that there is great value in having a board that includes allied, supporting members. This should continue. Companies that display a financial contribution equal to or greater than the assessment total paid by the average producer would be eligible for membership and to be nominated as a representative on the board. Categories or levels of supporting membership should be designed to provide for various numbers of eligible representatives for companies based on aggregate annual contribution.
Supporting directors would be voted on by the membership at large at each annual meeting. Their terms would be the same as growers. Only tobacco farmers should be allowed to hold officer positions.
9. How would election work? Would you devise districts? Would it be based on acres to define areas?
Election would be held during the annual membership meeting using Roberts Rules of Order. Three geographical regions would each hold 10 seats on the board and there would be 12 "at large" seats. Eight Supporting Directors would stand for election by whole membership as well.

Regions would be similar to the former tobacco sales belts. Region 1 = Piedmont, Region 2= Northeast, Region 3 = Southeast.
10. What will be scope of activities?
Primary focus and purpose will be advocacy, promotion, education and defense of the rights to grow and successfully market tobacco as a legal and legitimate crop. Monitor all aspects of the industry and work to keep members informed.
For more than three decades TGANC has worked to achieve many industry milestones. We have been a voice for the farmer in every example listed below:
 - a) **Price Increases (three significant increases since 2008)**
 - b) **Opposing tobacco Taxes**
 - c) **The bale system**
 - d) **Tobacco Buyout**
 - e) **Creation of the NC Tobacco Trust Fund Commission result from (Master Settlement Agreement)**
 - f) **Led the efforts to overturn of Phase-II Supreme Court Decision when the buyout passed and companies postured against the 2004 payment. (\$400 million victory for farmers)**
 - g) **Maintain Crop Insurance eligibility for Tobacco (was defeated 52-46 on US Senate floor, May 2013)**
 - h) **General Advocacy and Promotion (local, state and national media interviews)**
 - i) **Support for Research (serve on Tobacco Foundation and Tobacco Research Commission)**
 - j) **Standard/Single GAP Certification Program**
 - k) **Streamline barn testing**

l) **Successfully oppose Obama Administration efforts to “carve tobacco out” of the on-going Trans Pacific Trade Agreements still being negotiated.**

m) **Advancing the need to create a permanent tobacco professorship position at NC State University by creating an endowed Chair in honor of Dr. Bill Collins. Not possible through use of Research Commission funds which may not be used for academic programs. This will protect tobacco teaching in the future**

11. How will funds be used and accounted for?

Budgeting will be done annually by the full board of directors. A complete budget report and audit will be presented at the annual membership meeting. In addition a copy of the professional audit will be furnished to the Commissioner of Agriculture for independent review.

Based on ten cents per 100 pounds the check-off collection in 2013 would have been \$294,000.00. The potential for additional funding from sources such as golf tournament, other fund raiser events and associate member and supporting member dues or sponsorships could generate an additional \$100,000.00.

Using the estimate of \$394,000.00 for a 2015 general budget forecast that amount of funds could be utilized in the following manner:

*** Please note: this is a general budget forecast ***

Operations/Office Expenses/Overhead:

Facility and operations	= 30,000.00
Personnel/staff (3)	= 150,000.00
Equipment	= 6,000.00
Supplies	= 4,000.00
Travel Costs	= 5,000.00
	= 195,000.00

Member Services and Communications:

Print/Design	= 12,500.00
Postage	= 3,000.00
Regional Meetings	= 5,000.00
Web Management	= 6,000.00
Hats and Promotional Materials	= 4,000.00
	= 30,500.00

Annual Meeting:

Meals	= 12,000.00
Programs/annual report	= 3,600.00
Mailers (include postage)	= 2,100.00
Awards	= 1,500.00
Speakers	= 900.00
Misc.	= 1,000.00
	= 21,100.00

Board Meetings: (note: directors serve voluntary and without compensation)

Facility and meals	= 4,500.00
Board Liability Ins.	= 1,500.00
Materials	= 1,500.00
	= 7,500.00

Other:

Professional Fees (Atty., CPA, Audit)	= 15,000.00
Sponsorship and Memberships	= 2,500.00
	= 17,500.00

TOTAL = \$271,600.00

How Balance of Funds Might be used: (Special Projects and Services)

- Reserve Fund = \$30,000
- Bill Collins Professorship = \$30,000
- GAP Programs/Certifications = \$10,000
- Young Farmer Leadership Pgms = \$10,000
- Farm Worker Safety Programs = \$5,000
- Field Day/On Farm Projects = \$5,000
- Legislative/ Education = \$10,000
- **TOTAL: \$100,000**

Grand Total: = \$371,600.00

A full accounting of budget to be professionally audited annually and a copy furnished to the Commissioner of Agriculture. The report will also be delivered to the membership at its annual meeting.

Other points:

- Agreed there should be an “associate membership” for those individuals that may no longer be an active tobacco grower yet, wish to support the ongoing efforts of TGANC even after they have retired from farming, etc.
- Associate members by virtue of paying a fee to maintain status could be afforded the privilege of voting on certain association matters but that would not extend to areas such as board membership and voting in future referendums.