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Lindsay Raley

Testimony Proposal #6

Section 905.42 – Increase Financial Reserves

My name is Lindsay Raley; I reside at 208 Palmola Street, Lakeland, Florida. I am the Treasurer of the Citrus Administrative Committee (Committee) and was a member of the Amendments Study Subcommittee, which recommended the nine proposed amendments to the Committee last July. I am also a ^{large} grower, President and Chairman of the Dundee Citrus Growers Association. Dundee Citrus Growers Association was founded in 1924 is a grower owed agricultural cooperative with 113 grower members and two packinghouses located in Dundee and Lake Hamilton. Also members of Dundee Citrus Growers Association are; Lake Region Packing Association, Winter Haven Citrus Growers Association and Lake Wales Citrus Growers Association these cooperatives in the past operated their own packinghouses but with the reduction of production and fresh shipments they joined our cooperative to gain efficiencies for all grower members. The majority of grower members of Dundee Citrus Growers Association would meet the SBA definition of a small grower and our packinghouse would meet the SBA definition of a large shipper. My testimony will be for proposal number six, which would increase the amount of reserves the Committee could carry over each fiscal year.

We are proposing to amend Section 905.42 Handler's accounts to read as follows: (a) If, at the end of a fiscal period, the assessments collected are in excess of expenses incurred, the committee, with the approval of the Secretary, may carry over such excess into subsequent fiscal periods as a reserve: Provided, That funds already in the reserve do not exceed approximately two fiscal period's expenses. Such reserve funds may be used (1) to cover any expenses authorized by this part and (2) to cover

necessary expenses of liquidation in the event of termination of this part. If any such excess is not retained in a reserve, each handler entitled to a proportionate refund shall be credited with such refund against the operations of the following fiscal period unless he demands payment of the sum due him, in which case such sum shall be paid to him. Upon termination of this part, any funds not required to defray the necessary expenses of liquidation shall be disposed of in such manner as the Secretary may determine to be appropriate: Provided, That to the extent practical, such funds shall be returned pro rata to the persons from whom such funds were collected.

(b) The committee may, with the approval of the Secretary, maintain in its own name or in the name of its members a suit against any handler for the collection of such handler's pro rata share of the said expense.

This amendment will allow the Committee flexibility to increase their reserves up to two fiscal periods' expenses. Currently, reserves are capped at approximately one half year's fiscal expense, which is limiting the Committee's flexibility to operate under increased fluctuations in regulated shipments each season. Also, without the authority to increase reserves in the future, the Order could be impeded from being the tool used by the fresh segment of the Florida citrus industry to develop and implement projects requiring advertising, promotion or research for the new varieties being developed that will be the future of the fresh citrus industry in Florida.

As described above the new language is for up to two fiscal year's expenses. The fiscal year for the Committee begins on August 1st and ends the following July 31st. The fresh citrus season normally begins in Florida in late September with the majority of the fresh shipments occurring by the end of March with Valencia orange shipments continuing to late May or early June. The Florida fresh shipping season currently last about eight months with approximately 87% of our volume being shipped in six months. In addition, the volumes of regulated shipments of fresh citrus from Florida has declined (17%)

in the last five seasons and (41%) in the last decade. This season fresh citrus shipments from Florida are projected to be down another (10%) from just last season. This season's projected 13.2 million boxes shipped fresh would be the lowest amount of fresh citrus shipped from Florida since the 1919-20 season when Florida's entire citrus crop was utilized in the fresh market. As you can tell from the decline in fresh citrus volume it is getting more difficult to carry over the amount of reserves needed to fully fund the Committee if only one-half of one year's fiscal expenses may be carried as reserves.

The Committee has tried to avoid assessment increases each year and would rather set an assessment rate that would fully fund the Committee's operations and build reserves to handle the fluctuations in fresh shipments. Without raising the authority to increase reserves it will become more difficult for the Committee to avoid assessment rate increases annually or even during a season. By raising the assessment rate to a level that will properly fund the operations of the Committee and build ample reserves to handle the increased fluctuations in fresh shipments can only be arrived at by increasing the amount of reserves the Committee is allowed to carry over from fiscal year to the next fiscal year.

The Committee did consider going up to one full fiscal year's reserve but felt there is too much variation in regulated shipments for only increasing reserves to one fiscal year's expenses. Also, it has been the practice of the Committee to hold excess assessments during the past few fiscal years to ensure there would be ample reserves to fully fund their operations. During the past year when we reviewed and considered this change to Section 905.42 there was complete support within the fresh segment of the Florida citrus industry.

As I have previously stated, there has not been any opposition to this proposal and is fact a corner stone of the Committee's financial stability moving forward until the above mentioned problems are solved and there is a reassurance in new plantings of varieties with the characteristics desired by the

consumers of Florida fresh citrus. The Order will be the tool for our fresh industry to fully utilize to move forward as we overcome the many obstacles our industry is currently working to overcome. The Florida citrus industry has been a cornerstone of Florida agriculture for many decades and we believe the future is bright as we retool for the future.

The increased reserve ceiling would be in effect immediately. Practically, it would be implemented when the Executive Committee recommends its annual budget to the full Committee early each fall.