

UNITED STATES DEPARTMENT OF AGRICULTURE

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GRAIN INSPECTION ADVISORY COMMITTEE

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THURSDAY
JUNE 23, 2022

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The meeting convened at the National Grain Center, 10383 North Ambassador Drive, Kansas City, Missouri at 8:30 a.m., Matthew Kerrigan, Chairman, presiding.

GIAC MEMBERS PRESENT:

- MATTHEW KERRIGAN, Chair
- JANICE COOPER, Vice Chair
- CHRISTOPHER FREDERKING
- DAVID AYERS
- CHARLES BIRD
- CURT ENGEL
- NICHOLAS FRIANT, Secretary
- PHILIP GARCIA
- BARBARA GROVE
- RYAN KUHL
- JOHN MORGAN
- KURT ROSENTRATER*
- ROBERT SINNER
- JIMMY WILLIAMS

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ALSO PRESENT:

MELISSA BAILEY, Associate Administrator, AMS
ANTHONY GOODEMAN, FMD Director
ED JHEE, TSD Director
ARTHUR NEAL, Deputy Administrator, FGIS
TIM NORDEN, Chief Scientist
BYRON REILLY, IAD Director
DENISE RUGGLES, Executive Program Analyst
KARLA WHALEN, QACD Director

*participating virtually

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P R O C E E D I N G S

8:30 a.m.

MR. KERRIGAN: So it's just after 8:30 here, we'd like to go ahead and get started. I would like to recall this meeting to order after our adjournment yesterday.

We're going to go right into public comment here. We had one late yesterday advising there was a question late in the day regarding combining comments with the National Grain and Feed Association, and that comment was that they are working with the AG Transportation Working Group, you know, with those comments to the STB, to the Secretary and such. So I don't think there's any change other than I wanted to recognize that public comment.

Kendra, was there anything else that came through last night or this morning?

MS. KLINE: No.

MR. KERRIGAN: Okay, so with that, we're going to jump back in. Right before we get

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to the recommendations, I want to make sure that if there is a need, this is an opportunity to discuss any industry issues further. We know we left yesterday a little bit hanging regarding soybeans of other colors. Sorry, I don't know if there's any more discussion that needs to happen on that, from either anybody on the committee or FGIS.

All right, I think we'll be able to pull some of that data that was asked about later in the day, if we could see that real quick?

MR. CAPPER: Good morning. So about this data set that we're going to look at, as part of the official inspection process, we require the official agencies and the Federal Field Offices to send us what's called a summary inspection record, and it's sent for every certificate that's issued. It's approximately equivalent to the certificate, it is not exactly the certificate. But every factor result that's present on that certificate is also sent

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uniquely, and so they capture all that data in what we call an inspection data warehouse. That information is available to the customers immediately upon receipt, who are the customers of those agencies. So we store some of this data, but we do not generally publically release this data in any form. We don't generally aggregate it or analyze it unless there's specific requests, and at this request on SBOC, we have undertaken some analysis, you know, in this direction.

So several pieces of information I'm going to show you this morning. We're just going to get some terms that you're going to see on these following slides together. The column for total certificates, so this is the total number of official inspection, summary inspection records that we received in the inspection data warehouse where the factor SBOC was recorded, that would include a report of zero.

We have a column for percent of No. 1

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SBOC, and this is the number of certificates where the SBOC result itself met the grade criteria for U.S. No. 1, and that's to be distinct from a certificate that would be Grading No. 1 or No. 2 or No. 3. And so you might have an SBOC result that met the criteria for No. 1 on the U.S. No. 3 grade cert, and so this column represents the SBOC results only, it does not take into account the grade that was actually applied to the certificate.

And then we have similar columns for No. 2 and for No. 3, and then kind of for clarity and without getting into too much detail, we aggregated all of the data, all the percentages for those that were not U.S. No. 1 into a column, and so that's our column for percent exceeds No. 1.

We also tracked what the average SBOC result has been across all the data that's been reported. And finally an actual count of those certificates, those summary inspection records

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where the result for SBOC exceeded the grade for U.S. No. 1. I think you'll find it's pretty enlightening.

So this is the data that we have since 2011 as it relates to summary inspection records with the factor SBOC reported. Do I have a clicker or anything, a pointer?

Okay, so as you look down, the certs exceeding No. 1, the final column, you'll start to see numbers that start to jump off the page as we get down into '21 and '22. As you look at the percent No. 1 SBOC, you'll see that we drop from 99 percent, pretty much throughout the previous 10 year period, to 92 percent last year, and 75 percent then so far this year.

And again, just for context, a summary inspection record represents a certificate. So that might be one rail car, it might be 20 containers, it might be a soybean shipment, and so the volume of grain behind each of these results does vary.

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MR. FRIANT: Quick question on that.
For vessel shipments, would that be the --

MR. CAPPER: This is the certificate
--

MR. FRIANT: Not subplot?

MR. CAPPER: Not subplot, yes.

And so just kind of graphically, well,
so before I get there. So the average SBOC
result, which you'll see in the second to the
last column, you know, on average, .03, .02 for
the previous 10 year period, and then in '21,
almost a quarter of a percent, and then so far
this year, three quarters of a percent. And so
graphically, you know, that's what we're seeing.
Similarly, the percent of certificates where SBOC
was certified, again, visually, you know, pretty
interesting story.

And so just kind of look more closely
then at the last 12 months, we can see, again,
the same data set that in August, you know, we
were still running about normal. In September

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we had a hint of it, and if we look at the average SBOC column, we've been trending up at about a point one percent average SBOC by month.

MR. SINNER: Are we to assume this is all the smoky grey seed coat?

MR. CAPPER: It's SBOC.

MR. SINNER: Okay.

MR. CAPPER: Right, I mean, it's SBOC.

MR. SINNER: Yeah.

MR. CAPPER: And so I guess by way of kind of awareness, when you place a request for soybean inspection, you can request as an official criteria the actual colors to be reported. Now, we do not find that most do that, and so we do not collect the data or ask for the analysis of brown or black of our inspectors, unless it's specifically requested by the applicant. But, you know, that is an available service to the customer to identify the color as part of the inspection process. And so this is as of, so June is as of yesterday.

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MR. NEAL: Hey Lee, just anecdotally, Bob, based on what we're hearing from official agencies and from the field, that's what they're seeing.

MR. ENGEL: Is this spreading geographically? I mean, is it, can you try, I'm looking at this and I want to know what the distribution of where it started and what it looks like today.

MR. CAPPER: We've undertaken an analysis geographically, we do, you know, collect where it is sourced from. We also collect the type of mode, but we've not taken those analyses really at length. We've done some small review of mode of conveyance, it does appear that the interior, well, the rails and the containers saw it first, and that the vessels are starting to see it, but nothing really conclusive.

MR. KUHL: So these are all export and domestic --

MR. CAPPER: This is --

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MR. AYERS: Lee, is there any opportunity for you to go back to the states and official agencies, for example, on the container buildings where it's mathematical average and get the data from them that supports the certification to have a better idea of the, a better idea of the distribution of SBOC?

MR. CAPPER: So we would need to work out what, I think there's an opportunity to improve the collection, especially around containers. The way that we allow in our procedures for the inspection process in containers, as such, that the official grades are recorded on inspection pan tickets is the term we use. It's a sample ticket, it's not a certificate, and then, in the containers, they then allow for a single certificate to be issued, as Dave mentioned, that is a composite.

And so, again, these results are potentially a composite of 20 containers, not individual containers. I think it would be a

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significant lift if the part of the research we want to potentially undertake, maybe that's something we can do, but it's not an easy exercise with the way the data is currently collected.

MR. AYERS: Yeah, I was just looking at the 5,700, that could actually be a 100,000 carriers.

MR. CAPPER: Correct, yes, this is not carriers, this is specifically not carriers. And that was one of the reasons for my comment about the volume, because we are aware that the number of carriers represented is not, you know, linear to the certificates, and just due to the volume, so we get about 25,000 summary inspection records a week, just anecdotally, at least, and we have quality routines scrubbing through the data they submit to at least ensure it complies with basic understanding of items. But we have no way of saying, is it 20 containers or, you know, 40 containers, it's depending on the number we get. And sometimes data accidents happen, right? So

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people transpose a pound with a carrier number, but I can't tell you that, you know, 700 is a wrong number for a combined lot of containers, you know, because it could be. But it might also be some weight.

So, you know, I think, as I mentioned yesterday, data frameworks and data kind of standards are some things we've got to think, start to talk more about, strengthen our ability to tell better stories.

But, so these are, again, the summary inspection counts, and to your point, yes, there's a significant potentially under reporting if you were talking by carrier. It would be a different story by carrier.

MR. KUHL: How about certificates that SBOC is not certified, domestic shipments is not required to show SBOC, especially if there, there is none in the sample; is that included?

MR. CAPPER: That is not currently included in this data. So potentially you have

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additional reports.

MR. KERRIGAN: I get it, it tells a good story though of what they need to have, especially the previous slide showing 2011, you know, basically through 2020, a very flat line. And then obviously 2021, which that data set, you know, runs through the calendar year basically of the new crop harvest. And now into 2022, which is, I would say what we're hearing, where probably the reason for this coming up in this meeting, given the timing, it doesn't appear to be a, a long standing issue that we've just now figured out. It does actually appear to be drawn to some recent event, recent cause, something of that nature.

So while obviously there's a lot of data that we do not have, a lot of information we do not have as far as to move forward, it is pointing to, it doesn't look like a, a long standing issue that's just not being brought up.

Any other questions, do you have

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anything else or that pretty much --

MR. CAPPER: That is what we had for now.

MR. KERRIGAN: Anything else we would hear?

MR. CAPPER: Thank you.

MR. KERRIGAN: So we're going to move into, is there any other topic we need to talk about anymore? Anybody have any more comments on the SBOC item?

Okay, we'd like to move into recommendations now. There was several draft discussions at the end of the last meeting, Kendra is going to pull up some information on the computer here so we can walk through them. I believe that everybody should have received a copy of the drafts last night, the e-mail as well, so we'll be running through those here shortly.

MS. KLINE: What do you want to look at first? You want to look at the re-conditioning one first?

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MR. KERRIGAN: Sure.

MS. KLINE: Here's the next document, I've got to send the other one.

MR. KERRIGAN: Nick, do you want to talk to us or do you want me to just run through it. I can flip through it if you want to talk from there as well.

So this is the reconditioning plan for the FGIS, FDA MOU; I'm assuming that since track changes are on here, as far as what you added, correct?

MR. FRIANT: Yeah, sorry, at the very, excuse me, at the very top, I added that little preamble that we discussed yesterday kind of laying out where this came from and why it's important. I think the key sentence, the first couple sentences come right from the current MOU directive on the FGIS website.

The key sentence is that third sentence ensuring minimal disruption to the grain supply chain. FGIS is proposing to establish

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pre-approved pre-conditioning plans for certain types of actionable grain, similar to what is already approved for aflatoxin. So setting that stage for the conversation with FDA to say, we're trying to do this, help the grain supply chain and manage the issues around timeliness.

And then in that second paragraph, if you could just scroll back up slightly, I added the verbiage around how this only applies to grain that has been officially sampled, inspected and graded by FGIS. And that, again that came out of the conversation yesterday to clarify that this only applies when it's been officially graded.

I also dropped any references to rice, based, there you go, ma'am, based on the discussion yesterday. So in bullet No. 1 and bullet No. 5, I dropped rice.

I think, John, that's correct, we want to take those out, right?

MR. CAPPER: In No. 1, you want to

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drop pulses also?

MR. FRIANT: Yeah, I left that because I wanted to ask the group, and I think that's correct, we should drop pulses because that's AMA, right?

In the discussion yesterday around IDK wheat, I made no changes to that paragraph, but if you'll see there on the right-hand side of the screen, I added just some commentary for us. I think, Arthur, you referenced the conversation we had in New Orleans around FDA's concern on wheat products coming back to the U.S., as I thought about that, that was related to grain that had been contaminated with large animal droppings, and not IDK, and so I think if the discussion comes up, the point the FDA is, we're not talking about something that could introduce salmonella into the grain like the risk with large animal droppings or other animal filth.

And let me think, yes, the last couple changes I added in the, this first paragraph

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under 6.5, one thing that we didn't cover real well yesterday that came, well, what occurred to me when I was working on this yesterday, is this top part under 6.5 is referring specifically to export locations, and then when we get down a little bit further, it's dealing with domestic locations. So on the top, added Field Office Managers and/or delegated State Program Managers, which would, you know, as an example in this case, refer to Phil or someone that's part of his team that's a delegated state. So that covers both FGIS and delegated states and added that same language in the next paragraph down just to be consistent.

I did take out in 1(d)(I), sampling screenings we had in there for aflatoxin, I think that was a holdover from what was copied from the original SOP, so just made that sampling for screenings to be all inclusive of any of those types of actionable items, and that's instructions for sampling for FGIS.

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No. 2 is whether domestic locations came in, so added designated agencies, designated agency Grain Managers, just to ensure that that covers, for example, Dave, Ryan, et cetera.

So I guess my question to the group is, is that, and maybe it's directed more to FGIS, is designated agency, designated agency Grain Managers, is that the right word to describe those folks? I'm getting head nods, okay.

And I think, Matt, yeah, so on the disposition, we had some conversation on how that was worded, so I broke out another sub bullet there that said for all, so it said for aflatoxin can go to the appropriate animal species use, for all other FDA actionable items, the disposition of screenings has to be based on current FDA policy, which right now for example, is CPG 675.200. So just added some clarity on other actionable items, and then the same thing in No. 2, if the reconditioning process fails and it continues to exceed action limits, disposition

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should be based on current FDA policy given today's example is 675.200. So just a little bit more clarification on the disposition.

Questions from the group? Further comments? Tony? Go on. Please no jokes.

MR. GOODEMAN: No jokes. Maybe I missed this in the initial review, but in the very top line where it says who is recommending this, I think the Committee might consider that the Committee is recommending this, I mean, FGIS, I would think would support it given all this discussion --

MR. KERRIGAN: So this isn't the recommendation itself. You'll see that there is a recommendation separate to this that references draft, that basically the GIAC is going to recommend that FGIS approach the FDA to update with inclusion of further reconditioning plans on actual lots basis this draft.

MR. GOODEMAN: Okay, sure, because when we interact with FDA, they said it's very

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compelling to them when they hear directly from industry, so just a note there.

MR. KERRIGAN: You'll have those minutes. Kendra, can we get the, yep, she's gone.

Any other comments on this, because this will be the draft that we're going to be recommending here momentarily?

MR. FRIANT: While Kendra is doing that, I just want to thank the members of the subcommittee that put in the time to work on this and provide the feedback from where we started about a year ago, give or take, to where we ended up. I think we got to a good place, so I appreciate the work for the, from the subcommittee and the comments, and then the deferred comments from the broader committee; so thank you for that.

MR. KERRIGAN: Okay, so here we have up a potential draft the GIAC recommends that FGIS engage with the FDA to update the existing

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MOU to incorporate additional pre-approved reconditioning plans and procedures, in line with the attached draft, a document generated by the GIAC Subcommittee.

If that sounds good, I'd be looking for a motion and a second.

MR. ENGEL: So moved.

MS. COOPER: Second.

MR. KERRIGAN: Okay, any further discussion?

All those in favor, say aye.

(Chorus of aye.)

MR. KERRIGAN: Opposed?

All good. The next item we're going to talk about here is GIC, GIAC alternates.

Kendra, did you ever hear back on the two-thirds majority?

Okay, so we're going to make the assumption that the two-thirds quorum with two-thirds of the membership that makes a quorum, that's currently in the policies and procedures,

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but also references some of the documents supporting our charter and such cannot be changed by us.

And so the question to the group here is there were two other alternate items regarding recommendations, both going to the Secretary; one regarding committee appointments holding over past the three year term limit, and the other one adding actual alternates being appointed for a rotating three year term. Both of these items were brought up in discussion over the last couple days, and as presented by David, there's obviously some draft language here.

Obviously both of these would have to go through some sort of rulemaking that approves the GIAC itself, because the term limits, appointments, the actual numbers are all set in there. So this would not be, obviously, this would be a recommendation up to the Secretary and others to support this movement upon the next Farm Bill or Grading Standards Re-authorization

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Act or something of that nature.

MS. COOPER: It seems to me, given the experience that the alternates have not been very engaged in the process and have kind of tended to drop away, that we could word it so that the first option was preferred. But if that was found not to be possible under the law or under policy, that we would recommend the second.

MR. KERRIGAN: Arthur, can we, are you okay if we word this as an if then since it's a recommendation?

How do you want me to note this, do you want me to literally just put in there that it's preferred or?

MR. NEAL: You've got the --

MR. KERRIGAN: Okay, so you're okay with that, okay.

As far as the second one is, the only one that notes the, recommends that the re-authorization; do you want me to put in next applicable legislation, do you want me to put

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anything or is this just, is this good enough as a recommendation to the Secretary at the next opportunity?

MR. NEAL: Yeah, we're good, I understand. So internally we'll have, you know, conversations and run the first option through USDA. Even if that first option is not successful, we'll still share the second option as the Department engages with Congress around farm bill discussions. At the same time, I think for members who are present on this committee, you also have access to the second recommendation as you engage with Congress around activity on re-authoring the farm bill.

MR. FRIANT: So does it make sense to have it as two separate recommendations, or Arthur, do you think it's good from a process perspective, this way?

MR. NEAL: I understand it. It's your decision, you can, you can break them up. It's your call, but I understand it and I think either

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way, both, both recommendations make sense in terms of the desired outcome. You want continuity with the Committee, and both attempt at getting there, just different ways. And even if the first option is applied, is successful, it still doesn't mean alternates are not good to have, because some members may not be available for a meeting. Though you have carryover, they still may not be available, and having an alternate still would be a feasible option.

MR. KERRIGAN: Okay, further discussion?

Would anybody like to make a motion for this?

MR. ENGEL: So moved.

MR. MORGAN: Second.

MR. ENGEL: We work with that because, you know, back in the stone age when I was an alternate, I got pulled into a couple meetings because there wasn't enough, there were not enough members that were going to attend. So I got

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calls, said can you come to the meeting.

MR. NEAL: So this is one, a little bit of a challenge for us because, Kendra, what's our budget, \$75,000 for this committee?

MS. KLINE: Yeah, it's has a cap.

MR. NEAL: It's a cap, so we don't anticipate, I don't think we have gotten an increase for managing and facilitating the work of the committee. Ideally, alternates, it would be ideal for alternates to be involved in the discussions and to be present at the meetings, regardless if they're actively voting or not, so that they have knowledge of what's going on.

However, we do have now, we're doing virtual and in-person. So they now will have a better opportunity to stay connected should they be asked to participate and fill in, they should have, they will have knowledge. So I think we're in a little bit of a better position than we have been in the past.

MS. GROVE: I was going to state that

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too, even as an alternate now, with the changes in the availability that everybody has these days, you could still be connected, you know, with the gallery here, even if you weren't in the sense, a subsidized member, you know, per diem to a meeting, you could still be involved to be prepared.

MR. KERRIGAN: Any further discussion?

David, this was your item, any comments, discussion?

MR. AYERS: No, I think this will do what I was looking for, to make sure the Committee is viable.

MR. KERRIGAN: All right, with that, I'd ask all those in favor, please say aye.

(Chorus of aye.)

MR. KERRIGAN: Opposed?

Okay, so moved. The next one is a long one. Again, all of you should have this in your e-mail as well for those of you who have electronic devices up.

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This was, a lot of this background was taken from Jimmy's write-up and modified slightly to be used as a GIAC background material using the State of Missouri's Department of AG as an example only, instead of kind of the other way around. I'll let everybody kind of read through here and I'll scroll down and we'll get down through some of the recommendations to discuss further here.

So what's up right now is the actual request. For discussion yesterday, there were four items that were brought up. One was real-time train shuttle tracking, additional detail with the ETA's, then there was a discussion regarding if they moved substantially in the last 24 hours for scheduling, that there be a pseudo penalty, penalty incentive; however, you want to phrase that, likened to what the railroad imparts on the grain companies, as well as adjusted spot times.

So you see the crafted language here,

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I scan scroll down to the last line of that other one as well, and then this would obviously be the main portion for further discussion prior to any vote on a recommendation.

MR. NEAL: Just an FYI, the department is currently working on another response to STB, so the timing of this is pretty good.

MR. KERRIGAN: And, you know, as part of your comments yesterday, Arthur, we tried to put a substantial amount of detail in the considerations. You know, these considerations, because the timing had not been run by any other, you know, AG working groups, any other transportation groups, things of that nature, really, you know, focused at the heart of Jimmy's, you know, really concerns right up, and discussions specifically to the inspectors. You know, realizing that the inspectors are a, kind of a third-party to the arrangement with the grain companies and the railroads themselves.

So thoughts or comments on the detail

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on these four items here? There's the last line there for anybody. Does that seem to encompass what was discussed? I know there's definitely additional dialog in this, but --

MR. SINNER: So moved, Mr. Chairman.

MS. GROVE: I'll second. I'll second.

MR. KERRIGAN: Further discussion? Comments, concerns?

MR. FRIANT: Not a concern, but more a comment based on some of the conversation yesterday. Part of my understanding is part of the focus here is to bring that perspective of the official grain inspection agencies, whether that be states, designated or otherwise. So I think that's a key point of this. It's an enhancement to work that's happening to bring in another important stakeholder in this situation.

MR. NEAL: I'm smiling, just because to me, I look at this as part of history. Looking at the No. 4, so this is significant work.

MR. KERRIGAN: Barbara, David, do you

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have any comments we need down on this?

MS. GROVE: We were just more talking about the effective system majority of this did talk about how it affected grain inspection, so government employees, you know, how does, you know, that third point, the third point, in the penalties, how does that effect those agencies, and my comment was more money does talk, and when you're taking, you know, when you're talking about possibly impacting their revenues, that may bring it a little bit more to their attention of needed accuracy. So we were just kind of clarifying that point, but we should have brought that up. So, sorry.

MR. KERRIGAN: Yeah, yeah, no, and I think from the discussion of teeth, right? I mean, we can have as much data as we want, but I mean, let's face it, David, one of your biggest comments there was, you know, times of night, on-call time, trying to compensate, obviously, those are all, again, third-party contracts, so it does

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get a little muddy in how this, how this interacts, but if you've got a flowing from one way to the other, there is more leeway obviously in there for those ancillary contracts. In my opinion, because there can be direct payments to the secondary services.

MS. GROVE: You know, and also, you know, we're talking about how actually grain movement makes a very small percent of where the railroad's revenue is coming from, so we aren't usually on their priority list. But when you think of, I'll look at USDA updates yesterday, and talking about how have joined, you know, a program for, you know, food relief and how big people, again, an impact of people understanding this does affect the supply chain, this does affect food supply. I think that point also helps impact people's thinking that it isn't, it isn't just, hey, somebody's moving a little grain for cattle food; this affects our food supply. So that helps to be impactful also in that thought

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process.

MR. KERRIGAN: Okay, any further comments, discussion?

I've got a motion and a second; all those in favor, please say aye.

(Chorus of aye.)

MR. KERRIGAN: Opposed?

Kendra, I'm assuming we're thumbs up? Thank you, sorry, I know you're multi-tasking over there.

Okay, so these are the recommendations I have, I believe, that Nick also has a couple.

MR. FRIANT: I just sent those to both everybody, but Kendra should have it.

MR. KERRIGAN: I think, Kendra, I'll let you try to figure out how to save this wherever you'd like.

MR. FRIANT: Okay, so this first recommendation deals with what we're seeing, so many more importing governments that are implementing registration requirements for those

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exporting facilities. We heard some yesterday from Carla, and then we heard some additional comments from Ryan during the FGIS updates.

And so as we're seeing more and more of these, what I think we need to recommend to the Secretary is there's got to be a holistic approach because it involves multiple agencies. We've got a role for FGIS to play, depending on the country of the registration, there's a role for FDA to play, there's a role for the Foreign AG Service to play and the various posts around the world.

And so what this recommendation is getting to is that some higher levels of USDA under Secretary for MRP, under Secretary for Trade and Foreign Agriculture Affairs, lead a task group across those agencies to facilitate the least trade disruptive approach and coordinate an response to these registration requirements. And then it discusses this key, this key piece that FGIS has to play in options to consider around

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unique exporter and what facility identifying number.

So that's, that's what this one speaks to, is having that more holistic cross-agency approach to managing these importing country requirements as we see more and more of them not just applying to process products, package food products, food ingredients, but also coming more and more into the grain handling space.

MS. COOPER: Could Arthur or Kendra clarify whether this topic is appropriate to consider since it wasn't on the agenda in advance? Just, I mean, I don't disagree with that, I just want to understand the rules.

MR. KERRIGAN: Well, it was technically part of the FGIS update on the agenda, so even though it didn't have an industry issue with it, it's my understanding that if it was part of the agenda item and the discussion on the agenda from FGIS, that it would be applicable, but he can reconfirm that.

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MR. NEAL: Yes, this was on the agenda as part of an update. I think for the committee, you all have to decide to have discussion around it enough to move forward with it.

MR. KERRIGAN: So it's obviously a very small portion of the day yesterday during the update, obviously, you know with regarding that.

Questions, comments from the committee for Nick or for others on FGIS regarding what this impact would be, how it would benefit; any questions, comments, concerns?

MS. GROVE: Although I will say, not being an exporter, I don't have to deal with this, but when you look at, again, more requirements being put on this type of thing, any way that you can make it more efficient process and a joint process, to me, it's moving our industry and abilities forward if exports are rejected due to the fact of some cross paperwork or wording, that effects all of us. So, again, I just think

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inefficiency of putting things in one, together in one spot makes sense.

And just to the topic of, I'll say thoughts on ability of public comment, right after it was presented, it was loaded out there to the public websites. So anybody who was following it, I mean, it did have access to re-look at the slides and the presentation. If that helps in that area.

MR. FREDERKING: I would just add that it is absolutely with the increase in requirements from multiple countries, it's just going to be more and more a topic for us. So whatever we can do to bring consensus and really streamline the process, would be beneficial to all.

MR. FRIANT: Well, I think my comment, Barb, a little bit to your point, focusing on exporters sometimes helps minimize the impact on the domestic system. We've seen that where some countries want inflow further back into the domestic supply chain and were uncomfortable

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sharing that, and focusing on the exporters sometimes helps minimize that impact to domestic as well.

MR. KERRIGAN: I'll flip this to Arthur or Ryan, thoughts, comments, obviously, this is going to have a direct impact or encouragement or ask. Obviously, you're dealing with this already.

MR. NEAL: Yeah, so just from my perspective, the top portion of this, I don't understand. I understand that the desire for a, for a task group was to provide for a trade facilitative and least trade -- U.S. approach to coordinate intentionally in response to registration requirements. I don't understand that.

It's if you, I still don't understand it because, I under, so if, currently we've got the Decree 177, and what's the other one, 284? If the desire is for USDA international response, I just, I guess I'm not quite clear on what their

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intent is.

MR. FRIANT: Well, maybe the easiest way to sum it up is there could be lots of different options to manage all these requirements, but it could end up being very disparate, different approaches based on country, based on agency, and so what this is referring to is whatever approach is taken, it needs to make sure that it helps facilitating trading, right? The mission of FGIS, and be the least disruptive to trade. So, I mean, is that worthy that exporters aren't scrambling around at the last minute to get coordinated information, coordinated registrations. So you're talking, to me, it's referring to the holistic approach of the process, right? It's got to help make sure trade keeps moving and it has to be the least disruptive option to do that.

And the coordinated internationally piece, that's around wherever you've got that opportunity, and I think I asked the question

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yesterday, Ryan, if we've had any conversations with other countries like Canada or South American countries, where we've got that opportunity to coordinate with other governments that are dealing with these same requirements. If when and where possible, we should be trying to do that as well, so that we have a consistent approach to these new requirements that are being put in place.

MR. NEAL: Okay, that's helpful, and I think for the most part, the moving in that direction, I won't call it necessarily a task group, but would coordinate with the, for the FAS on our responses, may not be always desirable, but we're working on that. So, you know, I think we understand now.

MR. KERRIGAN: Okay, I'm going to hold here for a moment since these are new.

MR. ENGEL: Question, don't every one of these food facilities in the United States have a FDA registration number? I thought 2012 meant

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everyone have to register their facility with FDA for security purposes.

MR. NEAL: I'm not sure about the elevators, so maybe, maybe so. The, one of the challenges in this particular area is that the Decree 177 registration requirement that China has placed on us, FDA, I mean, FGIS is kind of facilitating the exporter registration component of that because that was a requirement in the U.S. Grain Standards Act that every exporter of grain, whether it goes, with exception of those who export less than 15,000 metric tons annually, have to be registered with us.

So when that came out, what was that, 2016?

PARTICIPANT: Yes.

MR. NEAL: Somewhere around there. FGIS kind of got grafted into that. When the new decree came out around all of the other commodities, FDA kind of took on that responsibility to help implement that, those

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requirements associated with that decree.

So with respect to registering under FGIS, grain exporters, we can assign numbers, and I think the numbers are created for these exporters. We have not had discussions on how we use those numbers in relation to the registration requirements under Decree Point 177.

Short answer to your question though is yes, it sounds like facilities are registered with FDA. Could there be a way to consolidate them? That's a discussion we can have with FDA, wrap it all up into one. I will say this though, managing or being more nimble, flexible under that process will probably be more difficult than with us.

MR. ENGEL: I didn't mean to make your life harder, I was just asking the questions to get clarification.

MR. NEAL: And I'm just sharing perspective as we discuss it, that's it.

MR. ENGEL: Thanks for the

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information.

MR. KERRIGAN: Okay, now this is the first everybody is seeing it, I'm going to, before I ask for a motion, I'm going to scroll down to the second one, and this is on the SBOC.

MR. FRIANT: So we all know we had a lot of discussion yesterday and a little bit this morning on the SBOC. I think one of the key things that's needed here is, as was mentioned yesterday, that research on soybean functionality related to color, and so that's what this recommendation revolves around, is FGIS initiating and supporting independent research to determine the functionalities impacted by seed coat discoloration associated with genetic events.

Right now, and I have listed is the research should include impact of such seed coat discoloration on soybean processing, as well as on protein, oil and fat, or other intrinsic values of soybeans.

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My question, Matt, I know you've got some processing experience; are there other factors that we would consider here to ensure that functionality is not being impacted, or is it these main, the couple that are listed?

MR. KERRIGAN: Which is the protein, the oil, the fat.

MR. ENGEL: My question is on that first sentence; if this should include environmental and genetic and environmental events.

MS. COOPER: What is the intent on the support; is that financial support or is that moral support?

MR. FRIANT: I don't know. I think it depends on what needs to be done, and I don't know if Arthur or maybe Tony or Pat. The analogy is the work that was done previously on sorter motor. And so I don't know if FGIS funded that or how that worked.

MR. NEAL: Yes, we would have to fund

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it and just be mindful though that the project would be subject to funding. We would have to fund it and support could be interpreted different ways, but I think we understand the intent.

MR. MCCLUSKY: When we did the sorter motor project a number of years ago, we weren't really looking at functionality, we were asking the operators of those places where we took samples, would you accept this sample, would you accept this sample, whatever the 10 samples were. We didn't ask them anything about any of the functional characteristics of those particular odors. A little different.

PARTICIPANT: Whose department paid for it?

MR. MCCLUSKY: We didn't ask for any other money from any other organization. That just came out of our normal, our normal operating funds.

PARTICIPANT: So we paid for that?

MR. MCCLUSKY: We paid for that, yes.

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We the people paid for that.

PARTICIPANT: For the calibration samples?

MR. MCCLUSKY: Are you talking about, are you talking about what we created as going forward with the yearly process?

Ryan, do you know on that one?

MR. KUHL: Yes, that was produced by the TSD samples.

MR. MCCLUSKY: TSD?

MR. KUHL: Yes, recurring samples.

MR. MCCLUSKY: Okay, so that was all those calibration samples we begged for them to add to the TSD budget.

MR. KERRIGAN: And this is just a comment I guess on the processing side. I would think that, you know, reaching out in a similar fashion regarding, you know, some of those beans or again initiating, you know, maybe a, I guess large enough quantities to where some of the processors could actually take a look at them and

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would be part of that versus doing like a full scale run down, crush process, bench tasked you know, I mean, let's see if it passes the actual sniff test so to speak first.

Right, I mean, I think the concept is here is obviously there's a concern that the chart that Lee showed is going to get larger and we don't want to waste too much time on it. So I think intentionally, this is written to be a little bit vague. As far as what that looks like, not knowing where this is going to go.

MR. MCCLUSKY: If I could just say, just reading this, and this is based on my previous life where I worked at the wheat reading program at K State, when you have environmental comma, genetic comma, when you add environmental in, that is a gigantic project and if you're looking by environmental by genetic interaction, that's maybe a little closer to what you want to get to.

MR. KERRIGAN: Okay.

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MS. GROVE: And I like the wording he just said because if it wasn't for an issue in the genetics, the environmental factors most likely would not have come to play, as other genetics are not seeing this. I do feel that's a good wording.

MR. SINNER: I agree with that, Matt.

MR. KERRIGAN: Okay, we'll get this changed up.

Are there any other comments?

MR. KUHL: I would think that once FGIS puts this out, moving said research alternatives in the industry, the soybean industry gets behind it, you're going to have a lot of researchers probably wanting to step up and they will find money to do the research via that route, not so much through FGIS, is my guess.

MR. NEAL: If they do it, that's great, but the question though, the issue we raised yesterday is going to be about trust. Who funds it? Does the soybean industry fund the

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research? Does the seed manufacturers fund the research? And so when the research is completed, the question will be, can you trust it. I'm not saying you can't, it's just a part of when we're trying to address an issue like this, it's going to make a difference that it's unbiased, and that's the main thing.

So we will definitely be working with the research community on it, but the more research out there, the better, because we need to, we need to support this commodity regarding its functionality being preserved. Hopefully that's the case after the research is completed.

MR. MORGAN: I think looking at that chart can be in everyone's best interest to do more research on it. My grand universities are always looking for good projects, despite the fact that it may be funded via the soybean industry, it will also be considered often independent in that it goes through the university or in the research agency like that. That's just my

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experience.

MR. KERRIGAN: I'm going to -- I'm sorry, go ahead, Barb.

MS. GROVE: I will just say, I don't necessarily know if this needs to be part of the recommendations, but obviously, you know, training and outreach is very important, so everybody understands and on the same page.

Yesterday, Ryan had made a comment about the quality assurance specialist coming and being trained and updated on, you know, this specific thing that we're seeing. Do we have a plan to assure that we are going to get that 100 percent of the specialists here to have that training prior to the upcoming harvest where there's a possibility of a higher percentage of market share of this genetic? And again, not necessarily has to be part of the recommendation if we feel that this is going to happen.

MR. NEAL: And are you speaking about the quality assurance specialist?

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MS. GROVE: Yes, to have, to get that 100 percent, really training and update on this particular issue that we're seeing right now, to be sure that as then, we're coming to, again, the state official agencies that everybody has, you know, I myself will reach out to, you know, somebody, local grain quality specialist that's local, to help me train so that I can train my people. So I think, to me, that would be a very important, I guess goal, to make sure.

MR. NEAL: So if I'm not mistaken, those trainings should be completed by next month. Can I guarantee that every official agency has sent a representative, I don't know. But the trainings will be completed so that, the short answer to that, most of them should be trained.

In addition, the Board of Appeals and Review continue to work with all of the official agencies even after the training to ensure that, you know, any adjustments that need to be made in terms of grading according to the line, can.

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MR. KERRIGAN: Any further discussion?

I'm going to recommend that we, before we move and vote on these two items, let's take a 15 minute break now, to see if there's any refinement, clean-up work on this. We'll come back to it and work on these two items, officer elections, and move forward. So five-till, please. Thank you.

(Whereupon, the above-entitled matter went off the record for a brief recess.)

MR. KERRIGAN: Actually, we can go ahead and get started. We'll start with the SBOC, magically, there's been a revision during the break.

The current recommendation is the GIAC recommends FGIS solicit initiating support independent research to determine the functionality is impacted by seed coat discoloration associated with currently marketed genetic seeds. Research should include impact of such seed coat discoloration on soybean

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processing as it was on the protein, oil, fat and other intrinsic values of soybeans or the processed products and byproducts.

MR. AYERS: Matt, I have a question on this. What's the, what are we looking for in the final outcome of this?

MR. KERRIGAN: We're trying to get more data. I think the biggest item that we talked about yesterday was, to support a standard change, we need the data that is, doesn't make a material change, or it's not a material impact. And I think right now, we've got a lot of data on the current, how it's currently being graded, but there's a lot of questions on if there's actually an impact or not on how the soybeans are being used, you know, i.e. feed, food, you know other items.

So the idea here is, well there's through FGIS, through land grants, through, you know, even trying to encourage seed manufacturers, providers, to conduct their own

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testing and actually come to the table and provide that information and data to try and get that data and information. So that way, either the GIAC or other groups would have that information if there needed to be a standard change, if there should be a standard change going forward or not.

MR. FRIANT: I would just add, Dave, you know, today it's been anecdotally shared that, you know, this issue of discoloration does not impact processing, but we need something a little bit more than anecdotal and so we need some real data that shows, yep, if you've got the discoloration, you process it, the end result is going to be substantially equivalent to what you were processing last year, and the year before, and the year before.

MR. KERRIGAN: And I will acknowledge that the terms solicit and independent don't always go well together. Given that, I think we would, you know, liken any information that we can get just knowing how much of an adversarial

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relationship there can be with the seed manufacturers, I'll use plural there because, again, as you know, trades get more and more prevalent, climate change, things of that nature, there's a lot of outside influences that I don't know that we really know. And it may not necessarily just be on FGIS, other than asking FGIS because they're the ones with the standards, seeing the SBOC grading that, to help gather that information for, you know, not only FGIS, GIAC, but also the entire industry to have that information on the impact or not.

MS. GROVE: And I do think it is important, you know, yes, we're talking about a particular, particular trait providers current genetics, but as you said, we do see this. Basically, there's going to be genetic changes going forward, to have the information, have some starts of studies to help then spur other providers to be looking for the possibilities of these impacts. First off, to be able to validate,

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again, wanting the trait provider to confirm some of this, but have our own to say this is, this is safe, this is still going to be going forward, it's not going to affect your operation, is very important.

MR. KERRIGAN: And I think the committee would agree, you know, with that statement as well. While this appears to be one specific provider seed trait, there's still some question about the information on if it is just one or if it's multiple and they're all coming online about the same time, so it's that type of information as well.

MR. NEAL: Just a quick question. As Tony, as one concept I was thinking about was, you know, can you cut the soybean and, if it's yellow inside, would it still, you know, pass as a yellow soybean and Tony brings me, you know, a pan full of black soybeans and when you cut them, they're yellow on the inside. Are black soybeans, just from a practical perspective,

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because I don't know, are black or brown soybeans used in the crushing process still?

MR. KERRIGAN: I don't know of anybody that's buying black soybeans, but I don't know that we're necessarily excluding them from, from my limited experience of supplying our own crush plants with soybeans, it was the heat damaged beans where you get the discoloration actually in the meat that actually causes the issue, because that causes a streaking issue. If it's just in the hull, the hulls are removed as the very first process of processing, and they are set aside, and those don't actually go into the oil itself. Some are ground and blended back to the actual meal, depending on the quality characteristics of low pro, high pro, others are actually sold back as hulls for direct feed or other uses.

So from a processing standpoint, what they're trying to track from it, the hull does not impact that other than if they're needing to get to one way or the other for the meal itself.

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MR. NEAL: And one of the reasons why I'm asking, just because we don't really, right now their recommendation doesn't specify, you know, what type of seed coat, and we're talking about this new discolored seed coat, we're talking about the black seed coat. And so if there needs to be specificity, or not, just think about that too. Do we need to be focused on what we're currently seeing or do we include brown, black, as well as this new color as well?

MR. KERRIGAN: I think from our perspective, you know, it's the brown and black tends to be associated more with heat damage or, or a damage, which should be cut open at that point in time, and so it's more readily identifiable, which is why they tend to steer clear of it.

But given that we're talking about current market, I don't know that anybody is actively marketing brown or black for commercial operation, I guess.

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MS. GROVE: And I will say, looking inland through the Midwest trade territory and the states I have worked in historically, you see them so randomly and one off that it hasn't had this impact. I don't know if stating, stating this current, what we're seeing, but I think maybe it's implied that this, this is more of an issue. So I think maybe, again, the understanding and more the implied that is the current issue, versus the black hull or the brown hull, because they are seen so very rarely.

Now, the brown hull two years ago, a particular genetic in an area, it was throwing it more often, but not enough to knock it out of No. 1. Just a little heavier than what we were seeing.

MR. KERRIGAN: Okay, any further discussion? Too many mics on; we have several people trying to talk here. If you wouldn't mind muting those?

MR. FRIANT: I will just add, that was

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part of the debate, if you will, Arthur will get to your question, do we call out the specific trait that's alleged to be causing the problems, and at least in this environment, it didn't feel like the right approach to take, but it certainly could be persuaded one way or the other. I think we need to focus in on that discoloration, like Barb said, it's implied what we're looking for.

MR. NEAL: And the only reason why I ask is because as we design the research, we want to be specific, so whoever does it, whether it's us or somebody else, they know exactly what we're talking about so that they're still on track.

DR. JHEE: I just need to make a suggested clarification in the wording there. So let's see, discoloration associated with currently marketed genetic seeds, my suggestion is, currently commercially available genetically engineered seeds. That will help narrow the pool.

MR. KERRIGAN: Is that what you're

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looking for?

DR. JHEE: Yes, yes.

MR. KERRIGAN: Any further discussion?

If not, I'll be looking for a motion.

MR. SINNER: So moved.

MR. FRIANT: Second.

MR. KERRIGAN: All those in favor,
please say aye.

(Chorus of aye.)

MR. KERRIGAN: Opposed?

Okay, it passes.

Did you have any further changes to
this? There was not a change made over break; is
that correct? Or there was?

Okay, so back to the recommendation to
address importing government registration
requirements for entities involved in exporting.

Is there any further discussion from
the group from EGIS? Anybody? Janice?

MS. COOPER: I know we're not
nitpicking, but the requirements in the third line

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from the bottom is misspelled. Thank you.

MR. KERRIGAN: If there's no further discussion, would anybody like to move on this recommendation?

MR. KUHL: I'll move.

MR. ENGEL: Second.

MR. KERRIGAN: I didn't see who said that second.

All those in favor, please say aye.

(Chorus of aye.)

MR. KERRIGAN: Opposed?

It passes. Are there any other proposed recommendations from the GIAC?

Okay, we'll move on with the agenda, and those are all the final copies, so I'll let you save them. Are there any other, sorry, topics that we need to discuss for the group?

Okay, on to Officer Elections, I would like to solicit nominations for the position of Chair, Vice Chair and Secretary, if there are any.

MS. COOPER: Mr. Chairman, I would

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like to propose the following slate. I would like to propose Curt Engel for Chair, Nick Friant for Vice Chair and Jimmy Williams for Secretary.

MR. KERRIGAN: Okay.

MR. AYERS: I submitted a nomination yesterday with Barb being the Chair, Nick the Co-Chair, and I will add on Jimmy Williams.

MR. KERRIGAN: Okay, are there any other nominations?

Before we get into voting, Barb, Curt, Nick and Jimmy, if you're elected, are you all willing and able to serve in those positions, depending on the outcome?

MR. FRIANT: Yes.

MR. ENGEL: Yes.

MR. WILLIAMS: Yes.

MS. GROVE: Yes.

MR. KERRIGAN: So we will vote; we'll do the Chair first. I'll do one name, I'll do the second name, we're going to do a show of hands with a count, please.

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For the position of Chair, please raise your hand if you would like to vote for Curt Engel. Please keep them up. I see five.

For the position of Chair for Barb Grove, please raise your hand and keep them up. I show seven.

Barb, did you vote for yourself?

MS. GROVE: I think I'm abstaining from that vote.

MR. KERRIGAN: And then, is Curt on?

MS. KLINE: He hasn't said which one.

MR. KERRIGAN: Well, given the votes, I don't believe Curt's vote matters because we still have a simple majority, which is what we need. So Barb Grove has been elected as Chair, Chairperson.

We have one nomination for Vice-Chair, and Nick, a show of hands in favor?

Anybody else want to self-write in and vote?

Okay, same thing for Secretary with

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Jimmy, a show of hands? Any self-write ins?

Congratulations, Barb, Nick and Jimmy.

We discussed a lot of agenda items yesterday.

Are there any agenda items that we would like to go ahead and slate on the docket for the next scheduled meeting?

MS. GROVE: Did you note those that were discussed yesterday?

MR. KERRIGAN: I did, and hopefully Kendra did is well, but I do have them.

Did you note them? Okay, Kendra has them.

Do you need a recap of them, Barb?

MR. AYERS: Matt, I would like to add a review of the recommendations put forth this year, the updated, the status of them for next year.

MR. KERRIGAN: Okay.

MR. AYERS: Matt, did we have one specifically around the IT systems piece? I know

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we discussed.

MR. KERRIGAN: We did, yes.

MR. AYERS: Okay.

MR. KERRIGAN: So what I have down is grade variations between origin and destination, broken kernels, specifically surrounding FGIS and coordination of multi-agency interactions, specifically facility registrations, as well as a large IT piece regarding current technologies, transfer of information, as well as cybersecurity.

If there's nothing else, I'll turn to Arthur for some closing remarks.

MR. NEAL: Well, I will say that this has been a heck of a meeting. I came in 2019 and we started kind of reshaping our perspective on the work that the Committee takes on. We didn't get a chance to really fully implement it because of COVID in 2020, 2021, you know, we're doing virtual meetings. This is our first time together and it's really good to see all of you,

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and it's been great to interact with you while we've been here together. But to see you all flowing work the way that you have over the past day and a half has really been good.

The discussions that have been facilitated, have been very thorough, thoughtful, they've been very productive, and I think have been results oriented. And I just want to say thank you for your service and thank you for what you have done.

There are several members that are moving off and I want to take the time to show our appreciation to you. Matt, you served as Chair for two years, you had to get it quick, learn fast, and you've done an excellent job. Absolutely excellent job, and I want to give you a round of applause just for how you've lead.

This isn't much, but I just want to say, on behalf of USDA, thank you for your service.

MR. KERRIGAN: I appreciate it, thank

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you.

MR. NEAL: Thank you, Matt.

Ryan, you came on the same time, started out quiet, ended up speaking out, but always a strong presence, and I want to say thank you as well. We look forward to working, to continue working with you. As you all know, all the members rolling off, that nomination for GIAC has re-opened, it was announced today. So if anybody is still interested in serving, there's an opportunity, put your name in the hat. But, Ryan, we say thank you for your service today.

Last, but not least, I call him my godfather, Dave has taught me a lot. A lot of folks have taught me a lot, because I didn't come in knowing a lot about FGIS. Dave has been one, you know, Dave, Tom Ayers, Tom, Dahl; they've taught me a lot, and I know, Dave, you served on the GIAC a number of times, but I just want to say thank you for, and I appreciate the opportunity to be a part of the Grain Inspection

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Advisory Committee and FGIS for all of you still serving. And so I say thank you for what you've done and what you continue to do.

(Applause.)

MR. AYERS: It's been a privilege. I appreciate it. Keep up the good work.

MR. NEAL: Thank you. So I won't belabor, but I look forward to incoming leadership. I want to thank the committee meetings. I appreciate what you all have brought to the table, the perspectives, and what you're going to continue to bring to the grain industry. So we say thank you for a job well done.

MR. KERRIGAN: To just reiterate that, thank you, thank you all FGIS leaders, staff. You know, while it is an Advisory Committee in name and function, we're all in here because of you. You know, we all have touch points throughout our daily professional lives, to one way or the other, and we really appreciate the openness, the trust, the dialog, to make it better for everybody. So

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thank you very much for that.

A special callout to Kendra, thank you very much for assisting, for guiding us, for helping us, making sure that everything from we just show up to the right place and the right building on time, as well as making sure that we have all of our required paperwork turned in on time. It is a task that a lot of us would not be very good at, how about that? So thank you very much.

Arthur, for your leadership, your guidance, openness, and frankly, just for speaking openly and in filling in some of the greys in between the black and whites, that doesn't always happen when it comes to government agencies and being able to show us what that color looks like in the middle. So thank you for that, it definitely helps this Committee, this group, be more productive to be able to know what may or may not be going on behind the scenes as well.

So thank you, I appreciate the group,

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appreciate everybody's attendance, participation, work on the topics. You've got a fun slate ahead of you, a lot of good things moving, we've got an industry that's on the rise again with a lot of ever present challenges, and hopefully, hopefully none of you have to do another two-day Zoom or Teams meeting to try and coordinate this because I don't know that anybody thought that it was a good way to conduct business, but it was the way that we had.

So thank you very much. Those of you that have early flights, hopefully this gives you plenty of time. And with that, there's no other comments, I'll solicit a motion to adjourn.

MR. AYERS: So moved.

MR. KERRIGAN: Thank you.

MS. COOPER: Second.

MR. KERRIGAN: Thank you.

(Whereupon, the above-entitled matter went off the record at 10:27 a.m.)

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