

TRANSCRIPT OF PROCEEDINGS

PROPOSED AMENDMENTS TO THE) M.O. No. 959
MARKETING ORDER REGULATING) Docket No. AMS-SC-24-0070
ONIONS GROWN IN SOUTH) 25-J-0088
TEXAS)

Pages: 1 through 255
Place: Mission, Texas
Date: February 4, 2026

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1 BEFORE THE UNITED STATES DEPARTMENT OF AGRICULTURE
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3 PROPOSED AMENDMENTS TO THE) M.O. No. 959
4 MARKETING ORDER REGULATING) Docket No. AMS-SC-24-0070
5 ONIONS GROWN IN SOUTH) 25-J-0088
6 TEXAS)

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9 Agricultural Marketing Service
10 Specialty Crops Program
11 14th and Independence Ave., SW
12 Washington, DC 20250

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14 MARKETING ORDER FOR ONIONS GROWN IN SOUTH TEXAS
15 February 4, 2026

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18 On the 4th day of February, 2026, the following
19 proceedings came on to be heard in the above-entitled
20 and numbered cause before the Honorable Tierney Carlos,
21 Administrative Law Judge for the UNITED STATES
22 AGRICULTURAL DEPARTMENT, held in Mission, Hidalgo
23 County, Texas.

24 Proceedings reported by oral stenography
25 transcription.

1 A-P-P-E-A-R-A-N-C-E-S

2 PRESENT FOR USDA:

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24 Agricultural Marketing Service Specialty Crops
25 Programs Market Development Division

18 ALSO PRESENT:

19 Dante Galeazzi, STOC (TIPA President)

20 Jed Murry, TIPA

21 Bret Erickson, Producer

22 Sabrina Fisher, TIPA Marketing Director

23 Michael Davis, Producer/Handler

24

25

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1 EXHIBITS OFFERED BY USDA

2 Use is indicated as follows:

3 R - Record Only

4	EXHIBIT	DESCRIPTION	OFFERED	ADMITTED	USE
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16	21	Nominations Marketing Subcommittee Minutes, August 19, 2024,	177 v2	177 v2	R
17					
18	22	Budget/Nomination Minutes June 3, 2025	177 v2	177 v2	R
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20	23	Minutes for Organizational Meeting, October 23, 2025	177 v2	177 v2	R
21	24	Request for Termination	177 v2	177 v2	R
22	25	Proposed Amendment to CFR Part 959 Continuation/ Termination Language	177 v2	177 v2	R
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1 P-R-O-C-E-E-D-I-I-N-G-S

2 Whereupon,

3 9:00 a.m.,

4

5 ARBITRATOR CARLOS: We're on the record.

6 Good morning. It's February 4th at 9:00
7 a.m. We are day two of the South Texas Onion Marketing
8 hearing.

9 Before we proceed, I'd like to go over --
10 I have a total of 13 exhibits admitted yesterday. I
11 want to find out if everyone agrees with that.

12 OTC, do you agree? 13 exhibits?

13 MS. McMURTREY: Yes.

14 ARBITRATOR CARLOS: All right.

15 Are there any other administrative matters
16 to take up before we start hearing testimony?

17 Nothing from OTC? Nothing from TIPA?

18 Nothing?

19 Okay. We're ready for our first witness.

20 I think this is Ms. Fisher, correct?

21 MR. GALEAZZI: Yes, sir.

22 ARBITRATOR CARLOS: All right. Have a
23 seat.

24 MS. FISHER: Thank you.

25 ARBITRATOR CARLOS: Raise your right hand.

1 marketing order in line with that reality while
2 reinforcing public trust.

3 In regards to adding a public member, that
4 will strengthen overall committee governance. It brings
5 a diverse perspective from consumer interest, nutrition,
6 public health, education, community outreach or
7 multicultural communications -- so decisions reflect
8 both industry needs and the broader public interests.
9 This seat helps the committee consider equity,
10 accessibility and encourages clear, plain language about
11 what the community does and why it matters.

12 In regards to the acceptance of monies,
13 creative development, media and measurement are more
14 expensive than they used to be and assessment dollars
15 must stretch further. When retailers, health partners
16 or grant programs are willing to match or support
17 programming, the ability to accept those contributions
18 allows the community to leverage its base resources,
19 weather volatile seasons and pilot new ideas -- from
20 supermarket dietitian education to bilingual materials
21 while maintaining transparency about the source, purpose
22 and outcomes of funds.

23 Number three, use of assessment funds for
24 paid advertising. Under the current rules, assessment
25 funds cannot support paid media. In my time leading

1 STOC marketing, that meant strong content and clear
2 audiences, but capped reach and missed seasonal windows.
3 Allowing paid placement enables appropriate scale, more
4 precise timing and the ability to learn and improve from
5 season to season. The intent is educational and
6 promotional for the commodity, not pricing or brand
7 endorsement and remains fully consistent with USDA
8 oversight.

9 In number four, continuance referendums at
10 51 percent. Marketing impact builds across seasons. A
11 simple majority helps preserve continuity so
12 relationships, learnings and program momentum are not
13 lost, while still reflecting the will of producers and
14 handlers. It's the practical standards that supports
15 steady progress.

16 In conclusion, I've seen how modest
17 well-structured updates can unlock better education and
18 stronger results. Adding a public member improves trust
19 and relevance; allowing outside monies and paid
20 advertising ensures resources meet today's marketplace,
21 and a 51 percent continuation standard keeps effective
22 work moving forward. Together, these amendments make
23 the community more responsive to growers, handlers and
24 the public.

25 Thank you for your time and consideration.

1 ARBITRATOR CARLOS: Thank you.

2 Okay. OTC?

3 MS. EANKEY: This is Christy Eankey, USDA.

4 CROSS-EXAMINATION

5 BY MS. EANKEY:

6 Q. Thank you for your testimony, Sabrina.

7 Are you familiar with the continuing
8 referendum process?

9 A. Yes, that I'm familiar with. I know it occurs
10 every -- I believe six years and that's to ensure the
11 STOC would like to continue the marketing order.

12 Q. From your experience and perspective, what
13 challenges exist with the current referendum?

14 A. I know a lot of producers and a lot of the
15 witnesses stated that there has been lower participation
16 so that definitely has been, I guess, an issue as far
17 as, like, getting the votes they needed.

18 I know our team has done extensive
19 outreach in the past for any type of these initiatives
20 to ensure that we are able to get as much participation
21 as possible.

22 Q. And how do you think lowering the threshold
23 will affect the industry?

24 A. For me, I feel like a simple majority or a
25 supermajority continues to be a majority. I think that

1 due to that lower participation it would be at
2 51 percent. We would be able to further accomplish
3 goals or turn down different projects, and so I think
4 being that that's pretty standard across other
5 associations or other boards as well, I think that would
6 work well for us, STOC, also.

7 Q. So to clarify, is it your understanding that
8 lowering the threshold to a simple majority would help
9 continue the marketing order?

10 A. I think that -- that whether it would be to
11 continue or to discontinue, I think just to reach a goal
12 or to reach a consensus I think the 51 percent would be
13 more doable rather than the 67 percent.

14 Q. Okay. So from your perspective, how important
15 do you think the continued operation of the marketing
16 order is to the industry?

17 A. I definitely think it's important. I know from
18 what was stated yesterday, this is basically what keeps
19 our onions competitive. It allows other onions from
20 different locations to meet certain standards so that
21 our onion will continue to shine. They won't be
22 introducing, I guess, product that is less desirable and
23 won't affect our pricing, is what I understood. I'm not
24 super, super familiar, but that is what I understand.

25 Q. Okay. And so you do support the proposal to

1 lower the continuance referendum from two-thirds to more
2 than 50 percent?

3 A. Yes, correct.

4 Q. Turning to proposal number -- let me make sure
5 I have it. Proposal number two, adding marketing
6 promotion authority, including paid advertising.

7 From your perspective, what role does
8 marketing and promotion campaigns play in the produce
9 industry?

10 A. I think that marketing is everything in the
11 produce industry. That's how we get people to know
12 about our commodity. That's how -- not just consumers,
13 retailers as well. So I think that it's a very, very
14 important and critical part of the produce industry.

15 Q. In your testimony, you mentioned digital touch
16 points and community voices.

17 How has the way customers receive
18 information changed over the years?

19 A. I know in the past, like, we would get a lot of
20 our information from TV, newspapers. Now I think the
21 landscape has changed completely. It's more digital.
22 We're reaching out and looking for websites to get
23 information from. We even get information from social
24 media platforms.

25 So I definitely think having a voice and

1 being present in those particular platforms is a great
2 way to be able to reach different audiences.

3 Q. And from your perspective, what are consumers
4 paying attention to today that they weren't paying
5 attention to in the past?

6 A. I think one of the biggest things that we have
7 seen in recent years is the rise of influencers so I
8 think that being able to have paid advertising to where
9 we are able to leverage those influencers, have access
10 to their platforms, we basically grow our reach and
11 also, hopefully, grow our engagement and increase our
12 consumption.

13 Q. How has the cost of creative development media
14 and measuring results increased over time?

15 A. As Dante mentioned, I know targeted -- it could
16 be about -- almost \$9,000 per week so that has
17 anatomically grown and I think it is due to the rise of
18 more people accessing these digital channels.

19 Q. From your perspective, how does this limit how
20 much assessments can do to increase visibility?

21 A. I know that we are very limited as far as the
22 budget we receive from marketing. As it is currently,
23 we're not able to do any paid advertising so we do -- I
24 know a lot of people mention consumers, but we are also
25 missing a lot of reach to retailers and because we are

1 not allowed to do paid advertising and trade
2 publications, we're not able to get out that message or
3 reach influencers that may provide consumers with a new
4 way to prepare an item, health benefits that they may
5 not be aware of.

6 Q. Okay. And it's your understanding the
7 contribution authority would support the need -- and
8 aside from assessments, to do marketing promotions,
9 including paid advertisement?

10 A. I definitely agree.

11 Q. In your testimony you mentioned capped reach
12 and missed seasonal windows.

13 Can you explain what you meant by that?

14 A. Right now, the way it is, we are currently
15 capped to just the audience that we currently have.

16 If any other party is willing to share
17 content, we're able to reach that, but it's not, I would
18 say, a maximum impact. I think that being able to use
19 those funds that we would be able to achieve a multitude
20 of people -- that we would be able to reach a multitude
21 of people that we hadn't reached before. We'd be able
22 to educate them on what the Texas 1015 onion is.

23 Consumers and retailers are alike, I
24 think. Being able to get more Texas 1015 onions into
25 stores through that reach that we'd have with that

1 extended access with paid marketing.

2 Q. Is it your understanding that the limitations
3 on marketing promotions has resulted in the industry
4 missing opportunities to further increase their
5 presence -- presence and relevance in the marketplace?

6 A. That, I definitely do agree with. I worked
7 doing marketing for Vidalia onions as well in my
8 previous roles, and some of them -- there were huge
9 successes there with the fact that they were able to do
10 paid advertising. We were able to market to different
11 retailers through trade publications.

12 So we did see, definitely, that there was
13 more interest amongst retailers, particularly, when it
14 came to carrying that particular commodity in stores.

15 Q. And from your experience, how has these missed
16 seasonal windows affected the South Texas industry's
17 position in the marketplace?

18 A. I think that South Texas onions are very
19 special. Like everyone mentioned, we are a short-day
20 onion so we are fresh. We are the first to come to
21 season, so I do think that since our season is a lot
22 shorter than maybe other commodities, it's imperative
23 that we act and we have the funds available for the, I
24 guess, assets available in order to be able to make the
25 maximum impact, and I think without that, I think that

1 we are missing huge opportunities to be able to get that
2 reach.

3 Q. And in what ways would the amendment to expand
4 marketing promotion make the South Texas industry more
5 responsive to these changing -- to these changing market
6 conditions?

7 A. Like I said, I think it's just having that --
8 you don't know what you don't know, and I think that by
9 us having that reach and being able to reach more people
10 and make an impact on them, give them that education,
11 that it could change their perspectives and possibly
12 introduce them to an item that they weren't familiar
13 with and that they absolutely love.

14 Q. You testified that allowing paid placements
15 enables appropriate scale, more precise timing and the
16 ability to learn and improve from season to season.

17 Why is timing important for marketing a
18 seasonal crop and how do paid placements allow the
19 committee to improve from season to season?

20 A. Timing is everything because we only have our
21 product available from March through June, so if we
22 were -- that is when product will be in stores. That is
23 exactly the time that people need to be visiting
24 retailers and making those purchases.

25 So I think by us being able to help that

1 reach, we can increase consumption, increase knowledge,
2 brand awareness. I also think -- like I said, it is a
3 very, very small window that we have to work with. So
4 being able to do those paid advertisements leverage the
5 data that we learn from those campaigns. We can improve
6 year to year.

7 Q. So it's your understanding that the amendment
8 to add marketing, promotion and paid advertising will
9 increase consumer awareness and demand and generate
10 better sales for grower returns?

11 A. That would be my hope, definitely. Yes.

12 Q. How might this amendment benefit consumers?

13 A. I think by being able to have that knowledge
14 about local product. They can learn -- if it's local
15 consumers, they can learn where their product comes
16 from. They get to learn more about our producers, about
17 our industry, about our commodities. So I think it
18 would be a win-win overall for -- in every aspect.

19 Q. Okay. Turning to proposal number three,
20 contributions.

21 In your testimony, you stated the ability
22 to accept contributions allows the committee to leverage
23 its base resources, weather volatile seasons and pilot
24 new ideas.

25 Please elaborate on what was meant by

1 leveraging resources and piloting new ideas and what
2 role voluntary contributions would play in that.

3 A. So we are limited with the funds that we have.
4 By being able to accept outside contributions, that
5 would allow us to invest in research and development,
6 possibly -- like we mentioned -- or other witnesses have
7 mentioned about the mechanical onion harvesting. We're
8 able to bring our industry forward, able to find, I
9 guess, solutions or invest in opportunities that can
10 find solutions for our industry.

11 Q. Thank you.

12 Turning to proposal number four.

13 If a public member seat can be held by an
14 individual such as yourself or someone with a marketing
15 background, what value would that bring to the
16 committee?

17 A. I definitely think it would bring a lot of
18 value. As I mentioned, I think marketing is one of the
19 most important things in our industry, so I do think
20 that having someone in a marketing position, I think
21 that can kind of help to ensure that any promotions that
22 the committee were to undertake would be successful or
23 would have the most return on investment rather than
24 focusing our efforts towards ideas that may not.

25 Q. And do you believe these proposals reflect the

1 current needs of the industry?

2 A. Yes, I definitely do.

3 Q. And is there anything else you'd like to share
4 about these proposals today?

5 A. No.

6 Q. Thank you.

7 MS. EANKEY: I have no further questions.

8 MS. McMURTREY: Good morning. Michelle
9 McMurtrey for the record.

10 CROSS-EXAMINATION

11 BY MS. McMURTREY:

12 Q. What types of marketing -- I know there has
13 been a lot of testimony about how marketing is limited,
14 but what types of things are you-all able to engage in
15 now?

16 A. It would be just -- I would call it more
17 organic. So we are able to post on social media and
18 have different social campaigns, of course, without any
19 paid advertising so that does limit us as far as our
20 reach.

21 I feel with that, we do have to work extra
22 hard to find activities that we're able to promote
23 without paying to promote them so we do have to rely on
24 partners to kind of collaborate with and be able to make
25 the most impact with the money and the initiatives that

1 we're currently doing.

2 Q. Okay. So I think you mentioned that you are
3 the director of marketing.

4 A. Yes.

5 Q. What kind of things -- I know you mentioned
6 possibly working with influencers.

7 What other types of things would you-all
8 be hoping to do with marketing?

9 A. So I know -- I am not handling the marketing
10 for the South Texas Onion Committee directly now, but I
11 can definitely touch on that for sure.

12 I know Melinda Goodman with Full Tilt
13 Marketing, they are handling moving forward the
14 marketing for STOC. She can provide more insights, but
15 I can definitely give you an overview.

16 Q. Sure.

17 A. In the past, I know we have been limited to a
18 lot of consumer promotions based on the fact that we
19 cannot advertise to retailers. So this year, we are
20 kind of hoping to pivot and try to reach more to the B2B
21 audience and get more interest amongst retailers,
22 whether that be newsletters, field tours. We do have
23 different opportunities that have been scheduled for
24 this year.

25 Q. Wonderful.

1 And then was also some testimony about
2 various state and federal grants.

3 Are you aware of anything that you-all
4 will be able to hopefully benefit from?

5 A. Definitely. I think that if we were able to
6 accept grant funding, I think that would open doors that
7 we have not been able to -- or allow us to do projects
8 that we have not been able to with the funds we
9 currently have.

10 Q. I think that's all I have. Thank you so much.

11 A. Thank you.

12 MS. CHILUKURI: Rupa Chilukuri.

13 CROSS-EXAMINATION

14 BY MS. CHILUKURI:

15 Q. Good morning, Ms. Fisher.

16 As it relates to a public member, in your
17 testimony, you talk about it could bring diverse
18 perspectives, consumer interests, nutrition/public
19 health information, education, community outreach or
20 multicultural communications.

21 Can you speak a little bit about what you
22 envision a public member to discuss or bring to the
23 committee?

24 A. Definitely. So I am -- I'm not new to
25 agriculture. I'm still learning new things every day.

1 So I think that bringing that fresh mind, maybe not so
2 producer-centered, it could allow maybe the general
3 public or, you know, consumers to maybe be able to
4 understand our industry better. I think that they can
5 put it in terms that would resonate or be relevant with
6 the broad public.

7 Q. So a public member could be someone who is
8 focused, like you said, on the consumer interest side,
9 but can also be someone who is in the nutrition --

10 A. Exactly.

11 Q. So depending on what the committee determines
12 is appropriate, in that authority?

13 A. Definitely.

14 Q. Okay. Great.

15 As it relates to the acceptance of
16 voluntary contributions -- in your testimony, you speak
17 to -- you would -- you said contribution categories
18 while maintaining transparency about the source, purpose
19 and outcomes of funds.

20 Can you speak more to how the committee
21 would do that?

22 A. I would definitely feel like it would work
23 similarly to the structure that we have. I know that we
24 are very transparent in terms of what we present to the
25 USDA as far as all of our meetings and all of our

1 materials. So I really don't see a difference with the
2 process. I think it would be very similar to what we're
3 already doing with keeping that transparency as far as
4 the organization.

5 Q. So you would still continue to have oversight
6 of these funds?

7 A. Yes.

8 Q. Okay. And by having voluntary contributions,
9 can you use the voluntary contributions to engage in
10 lobbying or other activities?

11 A. They would not be used for anything that is not
12 allowed in the marketing order and if the committee
13 approves.

14 Q. Speaking to the next proposal, use of funds for
15 paid advertising -- marketing promotions and paid
16 advertising.

17 Can you talk a little bit more -- you
18 talked a lot about retailers and education should be
19 done for them, not necessarily consumers.

20 Can you speak to that?

21 A. I think that, definitely, retailers is a big, I
22 guess, component that we're working with since they're
23 the ones that will ultimately get our product into
24 stores, and that is how we'll be able to increase
25 profitability for the industry, as well as increase

1 consumption for us.

2 And so I do think that having those
3 efforts focus -- there is a lot of new retailers that
4 are coming in or new employees -- newer generation that
5 may not have the awareness the older generations have.

6 So I do think it's important to be able to
7 shine that light on this industry and educate them as
8 well as commodities or topics that they may not be so
9 well versed in.

10 Q. And in your previous testimony, you talk about
11 different marketing channels, wholesale, retail and
12 maybe direct to consumer. I'm not sure. Am I being
13 accurate with that?

14 A. I think, normally, we try to focus more on the
15 retail and food service.

16 Q. Okay.

17 A. As well as wholesalers, Costco, Sam's Club.
18 Definitely, those as well.

19 Q. Okay. And as part of your testimony, you
20 mentioned that the intent for funds for market
21 promotions and paid advertising, the intent is education
22 promotion, not pricing or brand endorsements and remains
23 fully consistent.

24 Could you expand on what pricing or brand
25 endorsements refers to?

1 A. As far as I understand, I know that we are not
2 allowed to set any pricing. So we definitely would not
3 be promoting anything that isn't allowed.

4 I do think that -- as far as, like, going
5 forward, it would be important to kind of just promote
6 based on commodity, not a particular grower itself, but
7 an industry as a whole.

8 Q. Okay. Thank you very much.

9 MS. FUHRMEISTER: Delaney Fuhrmeister for
10 the record.

11 CROSS-EXAMINATION

12 BY MS. FUHRMEISTER:

13 Q. Sabrina, I know you have worked on current
14 organic efforts.

15 Could you expand on the impact that these
16 organic and educational efforts have had on the local
17 market?

18 A. I definitely think being local -- I know the
19 1015 onion is an interesting vegetable. It was
20 developed here right in the Rio Grande Valley in
21 Weslaco, Texas.

22 So I definitely think that there is an
23 advantage here in our local community. I think that
24 what we would like to try to do and be able to do is
25 kind of expand that reach that we have here to other

1 businesses in the state, other businesses in the nation
2 and that way we can kind of have that same engagement
3 for our sale.

4 Q. Thank you.

5 MR. McFETRIDGE: Marc McFetridge, USDA.

6 CROSS-EXAMINATION

7 BY MR. McFETRIDGE:

8 Q. Good morning, Sabrina.

9 A. Good morning.

10 Q. If I recall correctly in Mr. Murray's
11 testimony, he recommended to ask you about the small
12 business definition for TIPPA.

13 A. Okay.

14 Q. Do you feel comfortable answering that
15 question?

16 A. I do, kind of. I mean, I'm not really aware of
17 a lot of the finance in that aspect of our organization.
18 I would have to answer -- I would definitely say that
19 we're a small business, but I couldn't say for sure.

20 Q. Thank you.

21 During your testimony, you talked about
22 B2B advertising. I wonder if you could just expand on
23 that so it's on the record? What does that mean?

24 A. Sure. For B2B advertising, that would be
25 business-to-business. So that would be capturing more

1 of retailers, food service companies, more professionals
2 rather than targeting consumers which would be
3 considered B2C, business-to-consumer.

4 Q. Thank you.

5 A. Yes.

6 Q. With the seasonality of the Texas 1015 onion,
7 do you feel like the ability to use paid advertising is
8 more efficient because there is such a small window that
9 you have, the ability to really pinpoint your
10 advertising so you feel it'd be more efficient than
11 advertising something that'll have a longer shelf life?

12 A. I think it's important for both. I definitely
13 do think that -- as you mentioned, with the small window
14 that we have, it's imperative that we do as much as we
15 can, that's allowed, obviously, to be able to market our
16 commodity.

17 Like, we are available three months out of
18 the year -- three, four in some cases. So I think it's
19 imperative that we are able to promote that product
20 within that window. That is when it's available. We do
21 not have the luxury with these onions to be able to
22 store them for months on end so we really do want to
23 promote while they're fresh and available.

24 Q. Okay. If I can expand on that question.

25 A. Yeah.

1 Q. So for example, if Texas 1015 onions had a
2 budget of, say, \$200,000 for paid advertising versus,
3 say, a hard onion that would be able to store for 12
4 months, roughly. Is that the term or am I --

5 A. To store the onions?

6 Q. So for Texas 1015 onions, you guys have a short
7 shelf life.

8 A. Yes.

9 Q. About four months.

10 A. Yes.

11 Q. So you have a budget of, say, \$200,000 versus,
12 say, another organization that is marketing a onion that
13 they could be stored for 12 months and had the same
14 budget.

15 Do you feel that the advertising for Texas
16 1015s would be more efficient and better use of funds
17 because of the small window, and pinpoint and say, hey,
18 at this point, we are ready and you're advertising for
19 four months versus -- if another committee had the same
20 authority, but they were advertising for 12 months, do
21 you feel it would have a broader reach and that money
22 would be more efficiently spent because of the short
23 window of seasonality?

24 A. I definitely think there would be great
25 returns, meaning that we'll be able to promote the

1 product when they're available.

2 As far as promoting on a seasonal basis
3 versus year-round, I would think that it would be very
4 similar. I just think those organizations, that they
5 would be able to divide amongst 12 months, and for
6 instance, we're on four months. We'd divide that same
7 money over a four-month period.

8 Q. Thank you. Just one last quick question.

9 Do you feel that the authority for the
10 paid advertising would have positive returns to the
11 producers and handlers?

12 A. Yes, I definitely would think so, because as I
13 mentioned multiple times, it would reach what we're not
14 currently getting.

15 Q. Thank you.

16 MR. McFETRIDGE: That's all the questions
17 I have.

18 ARBITRATOR CARLOS: Okay. Thank you very
19 much for your testimony.

20 Okay. Do we have another witness lined
21 up?

22 MR. GALEAZZI: Yes, sir. The next witness
23 will be virtually. It would be our chairperson and I
24 believe a producer. Mr. Steve Cargil with Cargil Farms
25 Produce.

1 ARBITRATOR CARLOS: Okay. Mr. Cargil, are
2 you currently online? Are you with us?

3 MR. CARGIL: Yes, sir, I am.

4 ARBITRATOR CARLOS: Okay. Well, please
5 raise your right hand.

6 STEVE CARGIL,
7 having been first duly sworn, testified as follows:

8 TESTIMONY OF STEVE CARGIL

9 ARBITRATOR CARLOS: Please state your full
10 name and spell your last name for the record.

11 MR. CARGIL: My name is Steve Cargil,
12 C-A-R-G-I-L.

13 ARBITRATOR CARLOS: Okay. Please begin
14 your testimony.

15 MR. CARGIL: Thank you to USDA on behalf
16 of the South Texas Onion Committee for allowing me to
17 speak this morning.

18 As I stated, my name is Steve Cargil. I
19 am the owner of Cargil Farm Produce and Cargil Farms JV.
20 We grow, harvest, package and ship onions from the
21 Winter Garden area of Texas, basically west of San
22 Antonio, about 70 miles.

23 The counties that we grow in, the onions,
24 are in Uvalde and Zavala County. They are two of the 35
25 counties under jurisdiction of the federal marketing

1 order and the South Texas Onion Committee.

2 We have been in the produce business for
3 quite a while now. This year we celebrate 72 years. We
4 have been involved with the South Texas Onion Committee
5 since its earliest inception, and I personally have
6 served on the onion committee as both a grower and
7 handler for, I guess, 40 years now, and I've also been
8 chairman -- the committee chairman for about the last 20
9 years.

10 I believe that the time that I have served
11 has enabled me great insight as to the workings and
12 visions how the marketing order should and would like it
13 to work as it moves forward into the future. It has
14 played a very vital role in leveling the playing field
15 for both growers, shippers and also for consumers.

16 It brings quality to the sizing,
17 uniformity to packaging consistency that consumers and
18 buyers both can depend on in the marketplace. I would
19 like to speak today as both a grower and a handler of
20 the South Texas onions and for the four proposed
21 amendments to the marketing order: Allowing acceptance
22 of outside monies in the form of grants or partner
23 funding, addition of a public member to the committee,
24 permit assessment funds to be used for advertising and
25 marketing promotion and the reduction of continuation

1 referendum threshold from 67 to 51 percent.

2 First, in the ever-changing world it has
3 become imperative to try to seek and use federal and
4 state grants and match the monies that are available to
5 both enhance and build commodity perception and to
6 enhance consumption of our product. Allowing these
7 types of funding options would help sustain the South
8 Texas onion industry.

9 As far as allowing a public member to our
10 community, I believe it would allow a better perception
11 on the decisions our community makes, especially in the
12 areas of education, public health and to bring an
13 outside-the-box look to assist growers and handlers in
14 the promotion of our produce in the public eye.

15 Third, allowing assessment funds to be
16 used for promotion, advertising and marketing of South
17 Texas onions is imperative to the sustainability and
18 long-term future of growing and handling of onions in
19 South Texas, making clear to the consumers the benefits
20 as to the first market onions that we have in South
21 Texas.

22 Number four, reduction of continuation
23 threshold would make it much more simple for a majority
24 vote. This would allow us to be more efficient and
25 allow us more clarity in voting while still promoting

1 the majority of those that are able to vote.

2 Once again, I want to thank you for the
3 opportunity to speak here today and speak to the benefit
4 of the South Texas Onion Committee.

5 I feel like it's been a win-win situation
6 for producers and consumers for the many years that we
7 had the marketing order, and the changes that we
8 discussed today will enhance the sustainability of this
9 marketing order and those associated with it.

10 ARBITRATOR CARLOS: Okay. Thank you.

11 MR. CARGIL: Yes, sir.

12 ARBITRATOR CARLOS: Okay. Ms. Eankey?

13 CROSS-EXAMINATION

14 BY MS. EANKEY:

15 Q. Thank you, Mr. Cargil, for your testimony
16 today.

17 Have you had an opportunity to study the
18 proposed amendments?

19 A. The sound quality is a little weak coming over.

20 Can you repeat that, please?

21 Q. Have you had an opportunity to study the
22 proposed amendments?

23 A. Yes, ma'am.

24 Q. Do you believe you understand them?

25 A. I believe that I do, yes.

1 Q. Were you involved in the discussions and
2 deliberations regarding the proposal to expand
3 marketing, including paid advertising?

4 A. Yes, I was involved in those discussions.

5 Q. From your experience, was there any outreach
6 conducted to inform and educate the industry regarding
7 the proposals being recommended today?

8 A. Yeah. We had extensive talks in our meetings
9 and made available input from those who are involved in
10 our committee and felt like it was time to make the
11 change.

12 Q. Do you share the views of the committee and
13 support these amendments?

14 A. On all four of those, ma'am, or just --

15 Q. All four proposals.

16 A. Well, I think that -- first of all, the
17 majority we have is shrinking based of both growers and
18 shippers, and I think making it a simple majority would
19 make that vote much easier to bring clarity to how we
20 are able to vote on things that come up, not only for
21 marketing, but for packaging as it continues to change,
22 and also as a varieties of onions change, I think it
23 gives us the opportunity to do a better job of voting on
24 that.

25 As far as the assessment funds used for

1 advertising and marketing promotions, as everybody
2 stated, it's a -- it's such a short period that we have
3 our onions. We have them for about three and a half to
4 four months as opposed to maybe a storage onion crop in
5 the Pacific Northwest that has onions for six months,
6 maybe those onions were harvested several weeks before
7 it hits the consumer, and we would like to be able to
8 use those funds to promote the freshness and quality and
9 uniformity of our onions.

10 As far as allowing a public member to come
11 in from the outside, I think it only brings strength to
12 the numbers that we have in our committee, brings a new
13 perspective. You know, most of us are ag people. We're
14 on the farms, a lot. We may not understand the ins and
15 outs of marketing and the health benefits of our product
16 and we need somebody to help us to promote that, that
17 can speak well to these facts.

18 As far as the acceptance of outside
19 monies, I don't feel that it's sustainable to do it just
20 on our assessments, but we also need to be able to
21 accept money from those that might be helping us with
22 packaging or seed varieties or transportation or any of
23 the things that go in to help us grow and pack our
24 onions.

25 Q. Thank you.

1 For the record, could you clarify, under
2 Small Businesses Administration standards, would you be
3 considered a small business?

4 A. I don't know if we'll be a small business, but
5 I know how I relate to many of the shippers in the
6 Valley. I am on the smaller side, that's why, for me, I
7 think it's imperative to have a marketing order or a --
8 an avenue for us to market a product because I'm not as
9 big as some of the growers. I don't have the packages
10 to go out and promote the thousands of dollars that it
11 would take to get just my brand name known.

12 The label that we ship under is Kalo(ph).
13 Nobody is going to recognize that. I want them to
14 recognize the fact that I'm part of the South Texas
15 onion committee and I follow with a group that promotes
16 and grows and packs a certain kind of onion.

17 Q. Thank you.

18 Are you a handler as well as defined under
19 the marketing order?

20 A. Excuse me, ma'am?

21 Q. Are you a handler as well as defined under the
22 marketing order?

23 A. Yes.

24 Q. Okay. Turning to proposal number one, which is
25 to lower the continuance referendum threshold.

1 From your experience, what challenges
2 exist with the current referendum requirements?

3 A. As far as item number one?

4 Q. This is proposal number one as noted in the
5 notice of hearing. Proposal number one would be to
6 lower the continuance of referendum threshold from
7 two-thirds to a simple majority greater than 50 percent.

8 A. I feel like --

9 Q. Did you understand the question?

10 A. I feel like that getting it to a simple
11 majority makes our voices heard more uniformly, maybe
12 now somebody who may produce more onions would have more
13 of a vote, and anybody could speak to their different
14 size and their different abilities within the makeup of
15 our committee.

16 Q. What challenges exist with the current
17 referendum requirements for reaching the two-thirds
18 threshold?

19 From your experience, what challenges has
20 the industry been experiencing?

21 A. I just think it's been hard for us to get that
22 to work as far as the balance of your acreage that you
23 produce, and the votes that you have and I would just
24 like to make it just a simple majority vote.

25 Q. From your perspective, how important is the

1 continued operation of the marketing order to the
2 industry?

3 A. I think it's really important. We -- as I
4 stated, so the Valley might start in February or March
5 and they may be through with fresh onions in the end of
6 May, early June. Well, that's -- that's -- as they
7 finish their crop, we're starting our crop.

8 So having the marketing order, especially
9 where it relates to quality of product -- maybe at the
10 end of the season, a producer might say, you know, we
11 had a great deal. We could take a chance on shipping
12 some of these -- some of these onions that may be of
13 less quality, there's good demand.

14 Well, if that were to happen, as we start
15 our deal up here in the Winter Garden area, I don't have
16 to worry about that. I know that those people have to
17 meet the same standards that I do as I start a new crop
18 and I just think it helps in promoting to the consumer
19 the consistency of our product.

20 Q. Thank you.

21 And from your perspective, what might
22 happen if the marketing order were no longer in place?

23 A. I think it would be a free-for-all. I think it
24 would be bad for everybody, you know, not just the
25 producer, not the packer, not the consumer. I think

1 this is a great tool to level the playing field for
2 everybody involved.

3 Q. Sorry. Excuse me.

4 How do you think lowering the threshold
5 would affect the industry by reducing the continuance
6 referendum to a simple majority?

7 A. I don't think it would have any effect at all
8 on them. I mean, I think it would just make it easier
9 and more efficient as we operate the marketing order.

10 Q. Based on your experience, are some producers in
11 the industry unfamiliar with the referendum process?

12 A. I think that's possible, yes, ma'am.

13 Q. You indicated that you are a small producer and
14 handler.

15 As a small producer and handler, can you
16 describe your experience participating in the past
17 continuance referendums?

18 A. You know, I've always -- I've always voted for
19 the last several years as chairman. A lot of times I
20 would abstain my vote, but I can't begin to appreciate
21 and to describe what it means to somebody that's on the
22 smaller side of the growers. I feel like it gives --
23 you know, it gives me a seat at the table with those who
24 might be bigger in quality, but not -- or bigger in
25 quantity, but not quality because that's what we pride

1 ourselves in, being smaller by doing a better job.

2 Q. As far as your experience in participating in
3 the past continuance referendum, could you explain --
4 how did you learn about the referendum and how clear was
5 the process to you at that time?

6 A. You know, I think there was some confusion
7 earlier, but I think after we have done our due
8 diligence and studied the situation, we just felt like,
9 as a committee, that it would be better to change it to
10 the majority vote.

11 Q. Is it --

12 A. I think we lost you.

13 Q. I'm here. I'm sorry. I was gathering some
14 papers.

15 Is it your understanding that under
16 proposal number one to lower the continuance referendum
17 threshold, that you're moving from the two-thirds
18 threshold to more than 50 percent of growers voting in
19 the referendum and growers of more than 50 percent of
20 the volume of onions represented would need to -- if not
21 favored, USDA would then consider termination?

22 So we're moving from a two-thirds to a
23 simple majority, more than 50 percent, either by number
24 or volume.

25 Do you need me to repeat that? Was that

1 clear or do you need me to repeat that?

2 A. I'm not sure I'm hearing all of the question.

3 I think that the majority vote would bring
4 clarity and give everyone an equal playing field. You
5 know, if we -- if we were to go by strictly acres, for
6 example, a guy that might have a lot of acres, but then
7 has some kind of natural disaster may not have those
8 onions even go to market, so just having to vote for a
9 straight up yes or no, and a simple majority would
10 make -- you know, alleviate your problem if somebody
11 goes out and plants a lot of acres and doesn't harvest
12 them.

13 Q. And is it your understanding that that simple
14 majority threshold could mean that either by number or
15 by volume represented in the referendum?

16 A. I believe it to be by both.

17 ARBITRATOR CARLOS: This is Judge Carlos.
18 I just want to confirm.

19 So you believe that it's gotta be by
20 number and by volume.

21 MR. CARGIL: I would like it to be by
22 number, not volume.

23 Q. (By Ms. Eankey) Okay. Thank you.

24 A. Yes.

25 Q. Is it your understanding as how the two-thirds

1 threshold is currently conducted under the marketing
2 order, the only change that is being proposed by the
3 committee and the intent of the committee is to reduce
4 the two-thirds threshold to a simple majority?

5 A. Yes, ma'am.

6 MR. GALEAZZI: Sorry. Just a moment.

7 The other folks online are saying that
8 they're having a hard time hearing you through the
9 speaker.

10 So I'm going to go and ask IT to see if
11 they can do something about that. I just wanted to let
12 you-all know what's going on. That's all.

13 Q. (By Ms. Eankey) Can you hear me clearly?

14 We're trying to determine if you could
15 hear me clearly online. Can you still hear me?

16 A. I can hear you, but it's very hard.

17 Q. Okay.

18 MS. McMURTREY: I agree with Steve. We
19 can hear you. We just really have to pay attention.
20 The slower you talk, the better. Speaking loudly is
21 super helpful.

22 ARBITRATOR CARLOS: Okay. Why don't we
23 take a couple of minutes to see if we can -- this is
24 Judge Carlos. We're going to take a couple minutes to
25 see if we can correct and make the volume better.

1 (Technical difficulties.)

2 ARBITRATOR CARLOS: Okay. Back on the
3 record. All right. We just took -- let the record
4 reflect we took a short break because there was some
5 concerns regarding the quality of sound that was coming
6 through. I think we resolved that so we're now going to
7 continue with the questioning of Mr. Cargil.

8 I don't -- I forget who was in the middle
9 of the questioning.

10 MS. EANKEY: I am. Ms. Eankey.

11 ARBITRATOR CARLOS: Okay. Go.

12 MS. EANKEY: Thank you, Your Honor.

13 Q. (By Ms. Eankey) Mr. Cargil, in your testimony you
14 stated that the reduction of continuation threshold
15 would make a simple majority vote simpler, more
16 efficient and would allow for more clarity in voting
17 while still promoting the majority of those voting.

18 In your view, how would this amendment
19 accomplish this?

20 A. Well, I think as we've had a reduction in total
21 amount of growers and packers, the numbers are down, and
22 trying to go out and secure a two-thirds vote I think
23 might give the -- it might make it -- it will take away
24 a level playing field for our committee and I would just
25 like it to be a simple one vote and not have to do so

1 much with the volume of the size of the grower or the
2 packer, the grower in this instance.

3 Q. To clarify, proposal number one, to lower the
4 threshold from two-thirds to a simple majority greater
5 than 50 percent would lower the threshold so that the
6 secretary would consider termination of this part if
7 continuance is not favored by more than 50 percent of
8 the growers voting in the referendum or growers of more
9 than 50 percent of the volume of onions represented
10 during a representative period determined by the
11 secretary to have been engaged of the production for
12 market of onions in the production area.

13 Do you agree with this amendment? Do you
14 support this amendment in this change?

15 A. Yes.

16 Q. Do you agree that a simple majority would be
17 easier to achieve?

18 A. Yes.

19 Q. Is it your understanding that a simple majority
20 is a better way to measure growers support versus the
21 current two-thirds threshold?

22 A. I do believe that, yes.

23 Q. As a small producer and handler, do you believe
24 this amendment would disproportionately burden or
25 marginalize any group within the industry?

1 A. I do not believe it would.

2 Q. Thank you.

3 Turning to proposal number two --

4 ARBITRATOR CARLOS: Ms. Eankey, you were
5 just reading from Exhibit 9; is that correct?

6 MS. EANKEY: That is correct, Your Honor.

7 ARBITRATOR CARLOS: Okay. That's the
8 wording that you use from Exhibit 9.

9 MS. EANKEY: That is correct, Your Honor.

10 Q. (By Ms. Eankey) Turning to proposal number two,
11 which is to expand marketing promotion, including paid
12 advertising.

13 In your testimony, you stated that
14 allowing assessment funds to be used for promotion,
15 advertising and marketing is imperative to the
16 sustainability of producing and handling the South Texas
17 onions.

18 Could you explain what you mean by
19 imperative and what challenges would this amendment help
20 to address?

21 A. Well, I just think it would make more monies
22 available outside of, like, using assessment money or
23 any other options that we had. If we're able to go out
24 and secure grants or funds that might help us market
25 these onions, and especially because our period is so

1 short, if our timing is not right on cue, then we have a
2 chance of losing market share and not getting to get all
3 of our product harvested and sold on the market.

4 Q. How does the committee plan to fund marketing
5 and promotion?

6 A. Yeah, I think our committee would source the
7 people that are professionals at that to help us promote
8 our product. You know, as I stated earlier, we're a --
9 you know, most of us are active, we're farmers, we're
10 growers, we're packers, not necessarily marketers.

11 Unfortunately, as a -- as a farmer, your
12 time's just spread too thin just to be able to do it
13 all, and I think, you know, being able to go out and
14 source somebody to help us promote our profits, it opens
15 that avenue for us.

16 Q. Is it your understanding that the committee
17 would use assessments or funds and reserves or possibly
18 outside voluntary contribution sources to help fund
19 marketing and promotion activities?

20 A. I do.

21 Q. You mentioned the importance of communicating a
22 first-to-market benefit to consumers.

23 What did you mean by first-to-market and
24 why is it important for consumers to know this? How
25 would increasing consumer awareness about the production

1 and harvesting of South Texas onions help to improve
2 grower returns?

3 A. Well, when we say first-to-market, most of the
4 time that means from product to source within the United
5 States and not brought in from abroad. So being able to
6 go to the consumer and to promote our onions, that
7 they're going to be available at this time, and through
8 this growing period, it helps us to educate the
9 consumer, maybe even some buyers that might not be aware
10 at the store level, produce managers, to help them --
11 help them to understand that our onion is different in
12 the fact that that onion could have been harvested and
13 packed and at the store in five to seven days as opposed
14 to a storage onion that might have been harvested five
15 months ago.

16 So we want to be able to promote timely
17 and efficiently that our crop, that our product, our
18 onions are different than those available to the
19 consumer for the last several months and when ours hit,
20 they're the first U.S. sweet onions.

21 Q. Thank you.

22 I believe you mentioned earlier about the
23 challenges that small producers face with marketing
24 their commodity.

25 From your perspective, do large and small

1 businesses face different marketing challenges?

2 A. Well, I think, you know, obviously, if you put
3 a price on advertising per bag and you ship a million
4 bags, you're going to have a lot more money to do that
5 with. If you're a smaller grower, shipper, like I feel
6 like I am, you know, I just think there's -- there's
7 safety in numbers and everybody promoting the same --
8 the same quality, the same size, the same packaging.

9 I think it makes it better for everybody.
10 Especially, also knowing that we basically have two
11 different growing regions within the South Texas Onion
12 Committee, and it helps in that overlap when the two are
13 both producing and -- but it also carries out through
14 the whole year when it might just be one area producing.

15 Q. And how do you think increased involvement in
16 marketing and promotional activity could affect your
17 operation?

18 A. I think it would help, you know, to educate the
19 consumer and also the buyers that are out there that --
20 like, to let them understand that when the Valley
21 finishes up with their sweet onions, that they don't
22 have to -- they don't have to go to some other part of
23 the country to get onions or to a storage onion that can
24 move right up to the Winter Garden and have those same
25 fresh onions for an extended period, another two months

1 after the Valley finishes.

2 Q. So it's my understanding that you believe the
3 proposal -- the proposal to expand marketing and
4 promotion, including paid advertisement would include
5 increased consumer awareness and demand of South Texas
6 onions and improve grower return?

7 A. Without a doubt, yes.

8 Q. In the committee justification -- I'm sorry.

9 In the committee's justification they
10 state paid advertising of all Texas onions as a rising
11 tide effect on the industry in which all ships rise too,
12 i.e., small businesses. This proposal would be a
13 benefit to small businesses.

14 As a small producer, do you share the
15 committee's view that this proposal could have a rising
16 tide effect across the industry? Why or why not?

17 A. I believe it will have a positive effect just
18 because of the, you know, education to those who are
19 involved in the purchase of the product, not only the
20 end consumer, but those that are making the decisions on
21 where to buy and where to secure their -- their product,
22 their produce, especially for our onion crop.

23 Q. And from your perspective, do you think the
24 benefit of including marketing promotion authority would
25 benefit all producers regardless of size?

1 A. Yes, ma'am.

2 Q. Thank you. Turning to proposal number three,
3 contribution authority.

4 In your testimony, you mentioned that it
5 has become important for the South Texas onion industry
6 to seek outside grants and funding.

7 What has changed in the industry or market
8 that makes this necessary today?

9 A. Well, I think just the -- the ag markets right
10 now are in a very depressed state. We have commodity
11 prices that have reverted back to what they were in the
12 1970s and 80s, and obviously, 40 years ago it was a lot
13 cheaper to produce those products.

14 We have rising fuel costs. We have rising
15 labor costs. All of our costs are exponentially
16 increasing, but the demand of our product and our prices
17 have not kept up with that so being able to educate and
18 use all the different avenues to help promote those and
19 how we can go out and secure are beneficial for our
20 existence.

21 Q. And how would contribution authority or the
22 ability to accept outside funds help support or sustain
23 the South Texas onion industry?

24 A. Yes, I do.

25 Q. How would it help to sustain?

1 A. Well, you know, being able to accept monies
2 from, perhaps say somebody that was involved in
3 packaging, they come out with a new type of packaging,
4 they also want to sell their packaging as we do our
5 product.

6 So being able to work with somebody in a
7 partnership capacity for South Texas onions, and also a
8 new type of packaging that would make our product even
9 better. I think we want to be open to stuff like that
10 and be able to have partners help promote our product.

11 Q. Under the current marketing order, what role
12 does the committee usually play in research and
13 marketing projects?

14 A. Could you repeat that, please?

15 Q. Under the current marketing order, what role
16 does the committee usually play in research and
17 marketing projects?

18 A. Well, the committee, you know, is very, very
19 much a part of the original 1015 onion with Dr. Leonard
20 Pike. I think our committee has played a big role in
21 the growers and the shippers that are involved in our
22 committee.

23 The new varieties of onions that are both
24 not only milder, but have better shapes to them.
25 They've helped to increase the storage life -- or the

1 shelf life of those products so I think our committee
2 works in a lot of different ways to -- to make our
3 product better.

4 Q. Is it your understanding that the committee is
5 limited to an advisory role in research and marketing
6 projects, but the addition of contribution authority
7 would allow them to have more of a direct role in such
8 projects in the future?

9 A. Yes.

10 Q. Do you believe the amendment to allow the
11 committee to accept outside funds could lower the cost
12 for producers by allowing the committee to manage
13 projects directly instead of relying on assessments
14 alone?

15 A. Yes, ma'am.

16 Q. Okay. Are you aware of if the committee looked
17 at any other marketing orders or organization that
18 already had contribution authority when deciding on
19 recommending this proposal?

20 A. Could you repeat that, please?

21 Q. I'm sorry. Are you aware if the committee had
22 looked at any other marketing orders or organizations
23 when they were determining to add contribution authority
24 to the marketing order?

25 A. I don't believe so, no.

1 Q. Based on your experience, are there any
2 segments of the industry that would be
3 disproportionately burdened from this proposal?

4 A. No.

5 Q. Turning to proposal number four, to add a
6 public member and alternate member seat to the
7 committee.

8 In your testimony, you stated a public
9 member seat would bring an out-of-the-box look to assist
10 growers and handlers in promoting our produce to the
11 public.

12 Who do you anticipate would fill the
13 public member seat and how would their experience bring
14 an outside perspective to the committee?

15 A. I think that bringing somebody in from the
16 outside -- like I spoke to earlier about, it could be a
17 person within the packaging community that had -- you
18 know, it has evolved so much from what it used to be to
19 pack up a consumer a two to three-pound onion bag.

20 Now, these onions -- these bags are made
21 to breathe, let the product breathe better, to protect
22 it better, so it's made our product better. Especially,
23 out on the shelf for the consumer.

24 If you look at it from a nutrition
25 standpoint, having a person that knows more of the

1 benefits of eating fresh onions and are able to promote
2 that, I think I would be a big benefit to us or even
3 somebody perhaps that was more involved with social
4 media or advertising, having that person on our
5 committee to help -- to help us have a clear vision of
6 how to promote our product.

7 Q. Do you believe these proposals reflect the
8 current needs of the industry today?

9 A. Yes, ma'am.

10 Q. Is there anything else that you would like to
11 share about how these proposals may affect the industry?

12 A. No, ma'am.

13 Q. Thank you.

14 MS. EANKEY: I have no further questions.

15 MS. CHILUKURI: This is Rupa Chilukuri.

16 CROSS-EXAMINATION

17 BY MS. CHILUKURI

18 Q. Hi, Mr. Cargill. Can you hear me okay?

19 A. Yes.

20 Q. Thank you. Just a few questions for you, sir.

21 So you had said that you had participated
22 in continuance referendums before; is that correct?

23 A. I'm sorry. I didn't hear that.

24 Q. You had said that you had participated in
25 continuance referendums before; is that correct?

1 A. Yes.

2 Q. Okay. And do you recall that the last
3 continuance referendum had failed and USDA had to move
4 forward with the termination process? Do you recall
5 that?

6 A. I know that at one point we had addressed it
7 and -- and that it -- I think it had been turned down.
8 I think as far as -- you know, I think our decision now
9 is different in the fact that, you know, our -- so many
10 things have changed and so many avenues now are open for
11 promotion. I think it -- I think it's different this
12 time.

13 Q. Okay. I also wanted to talk -- during your
14 testimony, you talked about how the marketing order is a
15 win-win for producers and consumers.

16 I want to see if you had anything more to
17 add on that.

18 A. No. I'm not sure if, you know, if everybody
19 understands the fact that, you know, when you talk about
20 having the committee to watch over it, I mean, you lose
21 something as simple as sizing for -- you know, if we
22 don't have somebody that, like the way we do it now, we
23 have a certain size of an onion. If it's not a
24 three-inch onion, it can't be sold as a jumbo Texas 1015
25 sweet onion.

1 So if you have everybody operating in
2 their own way, either a buyer or a consumer might be
3 expecting to get a jumbo onion and then they walk into
4 the store and there's nothing but small onions.

5 I think this whole process is -- like I've
6 said before, just leveled the playing field and made it
7 easier for buyers and consumers to know when it comes,
8 when it's at the store and it's promoted that way and
9 that it has quality assurances that go along with it.

10 Q. Okay. Thank you very much.

11 CROSS-EXAMINATION

12 BY MS. FUHRMEISTER:

13 Q. Hello, Mr. Cargil.

14 MS. FUHRMEISTER: This is Delaney
15 Fuhrmeister for the record.

16 A. Yes, ma'am.

17 Q. Can you still hear me?

18 A. Yes, ma'am.

19 Q. Okay. Perfect.

20 I know you mentioned earlier in your
21 testimony that assessment rates could be used for paid
22 advertising.

23 Can you give us, kind of, a general
24 consensus of what the industry would feel about
25 assessment rates increasing if it was specifically for

1 marketing efforts?

2 A. Well, you know, that's -- our assessment rate
3 is something that we talk about every year as we get
4 ready to go into our crop, and I think that -- you know,
5 I think that as far as our committee not being able to
6 secure as many funds as other areas have across the
7 area, maybe for example, the Vidalia crop, we've fallen
8 behind. I think the quality of our product or onion is
9 better, but we've fallen behind in marketing it and I
10 would like us to be able to have all the avenues that
11 are available to us to help promote the quality in our
12 product.

13 Q. Thank you.

14 Do you believe that the majority of
15 growers would agree with that statement?

16 A. Yes.

17 Q. Thank you.

18 MS. FUHRMEISTER: I have no further
19 questions.

20 MR. McFETRIDGE: Marc McFetridge, USDA.

21 CROSS-EXAMINATION

22 BY MR. McFETRIDGE:

23 Q. Thank you, Mr. Cargil, for your testimony
24 today.

25 I wonder if you could put on your producer

1 or handler hat and give us a -- an estimate of your
2 average cost of production for -- and just describe the
3 unit that you're going to use your average for.

4 A. I think -- I think you were asking me about the
5 volume of my crop. We usually produce between 2- to
6 300,000 packages, a 50-pound equivalents, through our
7 growing season.

8 Q. What would you say would be the rough cost to
9 produce one 50-pound bag of onions?

10 A. The growing costs -- the growing cost of that
11 would be about \$2.75 a bag. The harvest and packaging
12 will run an additional \$4 so we're looking at about
13 anywhere from 6.75 to \$8 depending on our shrinkage and
14 quality issues that we might have. So I would say we
15 like to use \$8 as a hard number.

16 Q. All right. Thank you.

17 Yesterday during the testimony it was
18 reported that for 2025 the average cost per pound was
19 roughly -- or not cost per pound, but the average
20 producer price per pound was roughly 15 cents.

21 Would you say last year it was -- it was a
22 struggle to be able to meet the cost of production?

23 A. Without a doubt, it was.

24 Q. And based on your expertise, do you feel that
25 these proposed amendments would provide the ability for

1 growers or producers and handlers to possibly stabilize
2 the price to allow for more profitability in the future?

3 A. You know, we would like to think that,
4 obviously, that if we're able to promote and that if we
5 have a good quality product. You know, mother nature
6 can be a little tough sometimes and that's something
7 that we always have to deal with, but in a -- you know,
8 in a good production year, we would like to think that
9 the market is going to be what it is because other areas
10 are producing at the same time, but if we were able to
11 use these other avenues to market our product and to
12 promote it, I think it would help enhance the price of
13 our product for the -- for the producer, yes.

14 Q. So you're seeing that it would be an overall
15 benefit for all producers of South Texas onions?

16 A. Yes, sir, I do.

17 Q. Thank you. Let me first thank you on your many
18 years of service for the committee. That is an
19 impressive number.

20 I wanted to see -- do you have any
21 examples that you remember of missed opportunities
22 because the committee couldn't accept any outside funds,
23 any missed projects, any missed research, anything that
24 you can remember that, like if we only had additional
25 funds or -- do you remember any time that an outside

1 entity wanted to possibly donate funds to the committee
2 but wasn't allowed to accept them?

3 A. Yeah, I think back many years ago when the --
4 for example, when the Vidalia onion deal started, most
5 of those plants that they were planting at that time
6 were transplants. They were securing "we're coming from
7 Texas," and you might have a grower that didn't
8 necessarily grow bulb onions, but they were in the plant
9 business. So they would grow those plants and send them
10 to Georgia and it was tough to watch, that they were
11 growing onions that basically started in Texas and went
12 out to Georgia and were transplanted and then harvested
13 and competed with our onions.

14 The big difference was that they had set
15 up a much better marketing deal and were able to promote
16 that onion even though at the time, and even today, I
17 feel like it's a lesser quality onion, not because of
18 the producer or -- I just think mother nature makes --
19 helps us here in Texas make a better product, and I
20 think one of the big things we did was we just fell
21 behind on getting that point across to consumers and to
22 buyers.

23 Q. All right. Thank you. Same question.

24 Do you remember any missed opportunities
25 that you could see about not being able to use paid

1 advertising?

2 A. Yes, I think we missed a lot of opportunities
3 there.

4 Q. Do you have any examples that you can think of
5 or just overall?

6 A. Just overall. You know, not seeing us being
7 able to go out and buy a page in a trade publication or
8 a magazine, just the lack of funds has handicapped us in
9 some ways.

10 Q. All right. Thank you.

11 MR. McFETRIDGE: No further questions from
12 me, Your Honor.

13 ARBITRATOR CARLOS: Okay. Mr. Cargil, I
14 have a couple questions for you.

15 Ms. Eankey, while she was asking you a
16 question, she read a paragraph and she asked if you
17 agreed with that. Do you have a copy of that? She read
18 from Exhibit 9, which is the termination language.

19 Do you have a copy of that in front of you
20 or have you seen a written copy of it?

21 MR. CARGIL: I don't have it in front of
22 me, no, sir, but I have seen it.

23 ARBITRATOR CARLOS: Okay. So you
24 testified regarding the continuing referendum about the
25 simple majority, and in your opinion, is it supposed to

1 be -- do you think it's by number, it should be a simple
2 majority or by volume or by both? I just want to
3 clarify.

4 MR. GALEAZZI: Your Honor, objection. I'm
5 sorry. I just want to clarify.

6 Mr. Cargil, this is Dante Galeazzi. I
7 just want to clarify the Judge's, I believe, intent is
8 that he's asking, do you believe that the -- that the
9 paragraph of termination should cover the number of
10 growers and the number of acres or should it be the
11 number of growers or the number of acres.

12 ARBITRATOR CARLOS: I thought I did that
13 well, but you did it better.

14 So that's the question.

15 Did you understand the question,
16 Mr. Cargil?

17 MR. CARGIL: Yes. I believe that it
18 should be by the grower's vote, not his production.

19 ARBITRATOR CARLOS: Okay. So -- but the
20 way I read how this is written, it says -- and I'll read
21 it to you again. It says, the secretary would consider
22 termination of this part if continuance is not favored
23 by more than 50 percent of the growers voting in the
24 referendum or growers of more than 50 percent of the
25 volumes of onions represented thereby.

1 So this is written as "or." It's the
2 number or the volume. So do you agree with that as
3 that's written?

4 MR. CARGIL: As it's written, yes.

5 ARBITRATOR CARLOS: Okay. But that's
6 different. The way -- you don't see the distinction
7 there? It's saying, of the -- it's favored by more than
8 50 percent of the growers voting in the referendum or
9 growers of more than 50 percent of volume.

10 So by this one, they're saying it could be
11 a vote of 50 percent by numbers or 50 -- more than
12 50 percent by volume.

13 MS. CHILUKURI: Your Honor, if I could.

14 ARBITRATOR CARLOS: Well, hold on.

15 Let me get the answer first.

16 MS. CHILUKURI: Yes. Sorry.

17 ARBITRATOR CARLOS: Or do you understand
18 the distinction? I know you don't have it in front of
19 you so it's hard to just answer that question based upon
20 somebody reading something to you.

21 MR. CARGIL: But I know -- I know that in
22 the past it has been numbers and volume.

23 ARBITRATOR CARLOS: Okay. But you would
24 think that it should -- your opinion is -- or you
25 believe it should be by numbers.

1 MR. CARGIL: I would like it to be "and"
2 and both.

3 ARBITRATOR CARLOS: Both. Okay. Numbers
4 and volume like it's been in the past. So nothing else
5 is going to change about the referendum other than the
6 simple majority, the fact that it's by numbers and by
7 volume would stay the same, and it would just be reduced
8 from a two-thirds to a majority -- simple majority,
9 correct?

10 MR. CARGIL: Yes.

11 ARBITRATOR CARLOS: Okay. Thank you. All
12 right. So somebody wanted to make a clarification.

13 MS. CHILUKURI: Yes, Your Honor. Thank
14 you. Rupa Chilukuri.

15 I just wanted to say that we plan to
16 recall Mr. Galeazzi to talk about this in more detail
17 because it has been confusing.

18 So even with the current language as it
19 operates in 959.84, I think that references "and" in
20 that language. My understanding is that has operated as
21 an "or" in the terms of how it's been measured, and we
22 want to ask Mr. Galeazzi about that, and then confirm
23 what their intent is and whether our proposed language
24 gets to their intent. So just to sort of give you a
25 road map as to what we're thinking about.

1 So thank you for bringing that up
2 yesterday and hopefully we'll get it all clarified.

3 ARBITRATOR CARLOS: I hope you do because
4 it's confusing to me so far, and I just don't think
5 that -- it's an issue that I see, but I pointed it out
6 because we're still using this language to question
7 people that I don't think is correct.

8 So anyway, that's for me, for my record,
9 and I look forward to the clarification on the record.

10 Mr. Cargil, that's all I have for you.
11 Does anybody have any questions in light of mine? No?
12 Okay.

13 Mr. Cargil, thank you very much for your
14 testimony.

15 MR. CARGIL: Thank you for putting up with
16 me not being able to hear and everything. I appreciate
17 your help.

18 ARBITRATOR CARLOS: Okay. But you're not
19 off the hook yet. So I am remiss in my duties this
20 morning administratively. I did not go through the list
21 of people who were attending virtually.

22 So yesterday when people were here
23 speaking in person I went through just for appearances
24 so I need to back up to do that for the record just to
25 confirm who is participating virtually today.

1 So I already know you're -- obviously,
2 you're Mr. Cargill. You gave -- your first name was
3 Steve. Do you have a professional title? What do you
4 call yourself? A grower, producer, handler?

5 MR. CARGIL: I am both a grower and a
6 handler. I represent the committee at this time as a
7 handler.

8 ARBITRATOR CARLOS: Okay. And then
9 identify who you're -- who are you speaking on behalf of
10 today?

11 MR. CARGIL: Cargil Farms Produce.

12 ARBITRATOR CARLOS: Okay. And here's my
13 other question. Did you participate or attend
14 yesterday's hearing virtually or just today?

15 MR. CARGIL: I heard some of the remarks
16 yesterday. I did not participate.

17 ARBITRATOR CARLOS: Okay. So you were
18 logged in and heard some of the testimony yesterday?

19 MR. CARGIL: Yes.

20 ARBITRATOR CARLOS: Okay. Good.

21 Again, thank you very much for your time
22 and your energy. We appreciate your appearance here
23 today. And so you are free to log on -- or log off or
24 continue listening if you want.

25 And then for the rest of the -- I know I'm

1 a little late in doing this, but we're going to now
2 take, like, a roll call and appearance of everybody else
3 participating virtually.

4 So let's start -- I'm going to go through
5 by the people with initials.

6 So M.G., can you identify -- just state
7 your name, spell your name, give me your professional
8 title and describe your role during the hearing and
9 identify on whose behalf -- you're going to be speaking,
10 who are you going to testify under -- on whose behalf
11 you're speaking.

12 Let's start with M.G. M.G. seems to be --
13 MR. GALEAZZI: Melinda Goodman.

14 ARBITRATOR CARLOS: Okay. But she's
15 muted.

16 MS. GOODMAN: Yes, I'm here.

17 ARBITRATOR CARLOS: Please state your full
18 name, spell your name, professional title and
19 identify -- are you going to be speaking today?

20 MS. GOODMAN: Melinda Goodman, president
21 of Full Tilt Marketing. Spelling, G-O-O-D-M-A-N. And
22 yes, I will be testifying today.

23 ARBITRATOR CARLOS: And on whose behalf.

24 MS. GOODMAN: Full Tilt Marketing as a --
25 as an expert marketing witness.

1 ARBITRATOR CARLOS: Okay. Thank you.

2 We'll come back to you later on.

3 Who's J.A.? Can you please identify
4 yourself and, you know, spell your last name and
5 professional title and identify -- if you're going to be
6 speaking, who you're going to be speaking on behalf of.

7 DR. ANCISO: Yes. My name is Juan Anciso.
8 My name last name is spelled A-N-C-I-S-O. I am a
9 professor, an extension vegetable specialist with Texas
10 A&M Agrilife extension and past onion grower so I would
11 be representing Juan Anciso.

12 ARBITRATOR CARLOS: Excellent. Thank you.

13 We have S.M. S.M., please identify
14 yourself and spell your name and identify if you're
15 going to be speaking, who you're going to be speaking on
16 behalf of.

17 DR. MALLA: Hi. My name is Subas Malla.
18 Last name, M-A-L-L-A. I am a professor at Texas A&M
19 Argilife research at Uvalde and I will be testifying as
20 well.

21 ARBITRATOR CARLOS: Excellent. And S.W.?

22 MS. WILSON: Hello, Judge. My name is
23 Sabrina Wilson. My last name is W-I-L-S-O-N. I am the
24 account manager of Full Tilt Marketing. I facilitate
25 the marketing budget and the activities along with my

1 boss, Melinda Goodman, and while I don't plan on giving
2 an individual testimony, unless you-all request that, if
3 she needs any support regarding those questions, I plan
4 to step in to ensure that you-all understand the lay of
5 the land for this season and the years prior.

6 ARBITRATOR CARLOS: Okay. Thank you for
7 attending.

8 Who else? A.A.? Is there an A.A. there?
9 I just need the appearances of people who are going to
10 be testifying. So is there anybody else that I missed?

11 THE COURT REPORTER: Judge, for the
12 record, this is a participant with my firm. It's under
13 ACE Court Reporting and it's for my purposes, just to
14 have a backup of this proceeding.

15 ARBITRATOR CARLOS: Okay. So we don't
16 need that, but -- so is there anybody else who will be
17 testifying who I need to get an appearance on the
18 record?

19 MR. GALEAZZI: Yes, sir, there's one more
20 person. He is not yet online.

21 ARBITRATOR CARLOS: Okay. So when he gets
22 on, we'll get his appearance.

23 MR. GALEAZZI: Yes, sir.

24 ARBITRATOR CARLOS: Okay. And then
25 there's the usual USDA employees I think who are

1 participating that I don't need to get their appearances
2 because they are not -- they are just participating for
3 education purposes.

4 So we cleared that up and I think that's
5 it. So we're now ready for the next -- well, let me ask
6 the USDA people. We haven't had a break for them in a
7 while.

8 Do they need a break before we call the
9 next witness?

10 MS. McMURTREY: I think we're okay on
11 breaks, but we did want to make sure that Exhibits 14
12 and 15 --

13 ARBITRATOR CARLOS: Good. So first of
14 all, we're going to admit -- Exhibit 14 and 15 are now
15 admitted into the evidence.

16 And for the witnesses who are standing by,
17 just bear with us. We're going to take a ten-minute
18 break. So we will be back in ten minutes.

19 ARBITRATOR CARLOS: Back on the record.
20 Okay. Next witness is going to be --

21 MR. GALEAZZI: Melinda Goodman with Full
22 Tilt Marketing.

23 ARBITRATOR CARLOS: Okay. Ms. Goodman,
24 are you here?

25 MS. GOODMAN: I am.

1 ARBITRATOR CARLOS: Okay. Please raise
2 your right hand.

3 MELINDA GOODMAN,
4 having been first duly sworn, testified as follows:

5 TESTIMONY OF MELINDA GOODMAN

6 ARBITRATOR CARLOS: Okay. Please state
7 your name for the record. Please spell your last name.

8 MS. GOODMAN: Melinda Goodman.
9 G-O-O-D-M-A-N.

10 ARBITRATOR CARLOS: Okay. Ms. Goodman,
11 please begin your testimony.

12 MS. GOODMAN: Good morning. Thank you.

13 My name is Melinda Goodman and I am the
14 principal of Full Tilt Marketing, a national marketing
15 and communications firm that works exclusively with the
16 food and agriculture industry. Today, I speak on behalf
17 of the South Texas Onion Committee and 959.

18 For the past 28 years, I have had the
19 privilege of helping farmers, cooperatives and commodity
20 boards across the country build stronger brands, connect
21 with consumers and increase demand for U.S.-grown
22 products.

23 Early in my career, I managed marketing
24 for the Texas Citrus Industry, and through that role,
25 our team that was co-located in the same office spaces

1 supported some of the first South Texas Onion Committee
2 promotional efforts more than 20 years ago. Since then,
3 I've worked with more than ten different commodity
4 organizations from sweet potatoes to watermelons to
5 avocados and onions on everything from education and
6 research, to advertising campaigns and retail
7 promotions.

8 I am offering testimony today in support
9 of the proposed changes to the South Texas Onion
10 Committee marketing order to include: Adding a public
11 member to the committee, allowing the committee to
12 accept outside funding, allowing the use of assessment
13 funds or paid advertising and updating the continuation
14 referendum threshold to 51 percent approval rather than
15 a supermajority.

16 Why these changes matter is that in my
17 nearly three decades of experience, I learned that
18 effective marketing programs are not created in
19 isolation. They require flexibility, public trust and
20 the ability to evolve alongside consumer behavior and
21 market dynamics.

22 These proposed changes are not only
23 logical, they are necessary for the committee to
24 continue serving the South Texas onion industry
25 effectively.

1 First, adding a public member. Including
2 a public member brings valuable outside perspective and
3 transparency. Consumers increasingly want to know where
4 their food comes from, how it's produced and who are of
5 the people behind it. A public member strengthens that
6 trust and accountability while also reflecting the
7 industry's commitment to serving both growers and the
8 buying public.

9 Secondly, accepting outside monies,
10 including grants and partnership dollars. Internally,
11 marketing and research dollars are limited and
12 leveraging outside resources, whether from USDA grants,
13 state programs or private partnerships amplifies impact.
14 The ability to accept outside funding would allow the
15 committee to modernize its efforts, invest in
16 data-driven marketing and partner on initiatives that
17 extend beyond the scope of traditional assessments.

18 Third, using assessment funds for paid
19 advertising. Retail promotions and consumer advertising
20 remain the single most effective tools for increasing
21 consumption of fresh produce. The opportunity to use
22 assessment funds for paid marketing will give the
23 community the ability to drive real marketplace results,
24 support retailers, strengthen the category and return
25 value directly to growers and handlers.

1 And fourth, addressing the continuation of
2 the referendum threshold. The 68(sic) percent
3 supermajority sets an unnecessarily high bar for
4 continuation. Shifting to a simple majority of
5 51 percent aligns with how most democratic processes
6 function and reflects the practical reality of industry
7 participation. This change would help ensure stability
8 and consistency in the program management, while still
9 maintaining fair representation of the grower and
10 handler committee.

11 As part of the bigger picture, the South
12 Texas onion industry is built on generations of
13 hardworking families and dedicated businesses who take
14 pride in producing a high-quality product that competes
15 on both labor and freshness.

16 In today's marketplace, it's more
17 competitive than ever. To remain relevant, marketing
18 dollars like this -- like these must have the tools,
19 flexibility and funding to respond quickly to change and
20 be on par with competitors, like the Vidalia Onion
21 Committee.

22 These proposed amendments will not only
23 modernize the community structure, but will also make it
24 more responsive to the needs of both the marketplace and
25 the producers it represents. I've seen firsthand how

1 strategic marketing, especially when fueled by
2 collaboration between producers, marketers and the
3 public, can transform a commodity into a brand that
4 consumers recognize, trust and choose repeatedly.

5 That is why I strongly support the USDA's
6 consideration of these updates and I encourage their
7 full adoption to help ensure the continued success of
8 the South Texas industry. Thank you for your time and
9 your service, and supporting American agriculture. I
10 welcome questions.

11 ARBITRATOR CARLOS: Thank you.

12 Ms. Eankey?

13 MS. EANKEY: Thank you, Your Honor.

14 CROSS-EXAMINATION

15 BY MS. EANKEY:

16 Q. Thank you for your testimony today,

17 Ms. Goodman.

18 How did Full Tilt begin working with the
19 South Texas Onion Committee?

20 A. I think it has been four or five years. I
21 don't remember the exact timeline. There was an R&P in
22 place related to the website project that we were
23 invited to participate in related to a USDA specialty
24 crop grant, and through that process, we were awarded
25 the project.

1 Additionally, we have then work side by
2 side with the Texas International Produce Association
3 working on specialty programs that impact the South
4 Texas Onion Committee.

5 And then in the last year, we have created
6 opportunities to do a small amount of things through the
7 South Texas Onion Committee that fall within the
8 guidelines of what the current commodity can support.

9 Q. Okay. Thank you.

10 Based on your work, how would you describe
11 the committee's current limitations on conducting
12 marketing or promotional activities?

13 A. The largest limitation, particularly paid
14 advertising, dramatically impacts how we reach today's
15 consumer, as well as our inability to work directly with
16 retailers on paid programming.

17 Fresh Produce Association doesn't have a
18 lot of brands. There are very few recognized brands, so
19 it's twofold how we have to reach consumers. The first
20 is, we have to get retailers interested in carrying the
21 product and then we have to show retailers how we are
22 supporting that category within the consumer public.

23 So if we have no programming or no support
24 at the retail level, they are going to go places like
25 Vidala or other growing regions that do offer them that

1 support. Inability to even market within the trade
2 media, starting first at a B2B level, suggesting that
3 Texas onion -- Texas 1015s are coming within season, is
4 the first limitation. We can only offer earned media,
5 which that includes typically one press release, but we
6 don't have an extended ability to broaden the
7 conversation over the -- the length and duration of the
8 season.

9 Secondly, the ability to offer B2C
10 communications. We can do social media, but as many of
11 you know, if you are on social media, the average brand
12 is held hostage, as are each of us individually, by what
13 the algorithm shows us. So even within our follower
14 base, the average algorithm shows approximately
15 two percent of your followers your content information.
16 So inability to even boost the content or reach a
17 greater audience shows us a very, very limited amount of
18 people that we're -- that we're even in season.

19 Even yesterday, you were getting more
20 information about how onions were growing, even though
21 that's outside the scope of what we're talking about
22 today, you were eager consumers to learn. If we don't
23 have the ability to reach those people, we're kind of
24 talking to the backhand of ourselves, so.

25 Q. So to clarify -- thank you for that.

1 You are stating that maybe other methods
2 of marketing, such as unpaid marketing, maybe through
3 social media platforms does not reach as broad of an
4 audience as -- from paid advertising?

5 A. Correct. We don't have a hinderance in doing
6 social media. We just have a hinderance that social
7 media be effective without leveraging paid advertising
8 to expand our reach either in geographic focus or
9 demographic to make sure our message is finding masses.

10 Q. From your perspective, do you believe the
11 industry does enough to promote South Texas onions
12 today?

13 A. No, there are huge gaps. We've seen that in
14 the past 20 years. Other organizations have pulled
15 ahead in brand recognition, while South Texas onion has
16 continued to decrease in acreage. Just over the last
17 couple of years, since USDA specialty crop block grants,
18 they have begun to add marketing back into their
19 program. Thanks to those grants, we have retailers, for
20 the first time in history, purchase South Texas onions
21 directly from producers, not through a wholesaler or a
22 Vidala onion producer. That in and of itself created
23 the opportunity to put more dollars directly back in the
24 pockets of producers. This is an opportunity -- there
25 are so many moving parts through paid advertising and

1 direct retail marketing that would open doors to add
2 more return to the growers.

3 Q. From your perspective, as an expert in
4 marketing, what role do marketing and promotion
5 campaigns play in the produce and produce marketing?

6 A. Can you repeat that again, please?

7 What role do --

8 Q. What role do marketing and promotion
9 campaigns -- I'm sorry.

10 What role do marketing and promotion
11 campaigns play in produce marketing?

12 A. Marketing and promotional campaigns provide
13 brand awareness and really allow you to be able to dial
14 in on that consumer audience. So for example, the goal
15 is for us to help identify the importance of very
16 specific demographics, very specific targeted markets by
17 using our expertise and studying the best places to
18 spend those dollars.

19 Historically, commodity boards and other
20 brand markets have shown anywhere from five to 118 of
21 return on investments of grower dollars and commodity
22 programs, sharing those lifts and direct -- direct
23 purchases, consumer awareness, staying in season longer,
24 driving higher margins. The incremental pieces of
25 success are pretty broad.

1 Q. When you say "effective marketing programs are
2 not created in isolation," what did you mean by that and
3 context of the committee? Why is this important?

4 A. So if we -- if we create a marketing program
5 that is limited by what it can do, it ends up being in a
6 silo, right? We are -- we're using a very limited
7 amount of tools and resources at our disposal to reach
8 consumers and find success.

9 So success isn't found in isolation.
10 Success is found by broad collaboration. For example,
11 looking ahead at marketing and resources. We had,
12 through the grant dollars, looked at the opportunity to
13 create partnerships with economic development to
14 create -- even partnered that with tourism and finding
15 unique ways to bring the tourism-driven brand strategy
16 to play.

17 So with those types of moments, if we were
18 working in isolation and we don't have the ability to
19 collaborate, if we don't have the ability to use all the
20 tools, if we don't have the ability to bring outside
21 resources and dollars to play, that's a -- that's a
22 resource or a tool not available to us.

23 Same with paid advertising. If we can't
24 use those -- use it as a tool in the toolbox, we're
25 working, kind of, in an isolation mechanism leaving us

1 at a disadvantage from the beginning.

2 Q. How can the inability to respond to these
3 changes in the marketplace affect South Texas onions'
4 relevance in the market?

5 A. I think the inability to respond to these
6 changes in the marketplace continues to leave us further
7 behind. Particularly, at the time when a new consumer
8 is used to getting products year-round, having access to
9 things, may not know where their products are coming
10 from.

11 Certainly, competitive disadvantages are
12 impacted by imports and, you know, changes in regulatory
13 policy and wages can make those other products from
14 other countries seem more appealing to buyers. It's
15 important for us to make sure that we have a competitive
16 product on the shelf and the tools and resources not
17 only to help buyers be successful, but consumers to
18 understand that they have a choice.

19 Q. From your view, what do you think would happen
20 if the industry can't adjust their marketing to the
21 changing market conditions or consumer preferences?
22 What risk would they face?

23 A. I think the ultimate risk is just a continued
24 downslide of acreage. Ultimately, the loss of total
25 farms. If generational businesses do not pass on to the

1 next generation or just opt to sell into other markets
2 or raise other crops that are more viable.

3 And then ultimately, you know, the
4 mainstream impact is in rural communities, as farms and
5 acreage change or decline, you see a rural rate decline
6 which impacts secondary businesses across the economic
7 impact. And we certainly can look around the United
8 States and see where -- where those changing factors
9 have applied. We've seen it in the tomato industry in
10 Florida. We have seen it in the asparagus industry in
11 Washington and California, those industries.

12 For example, asparagus in Washington and
13 California no longer exists. So there is the importance
14 of making sure that the U.S. can continue to have viable
15 economic solutions and competitive marketing --
16 marketing tools to stay viable and remain on U.S.
17 shelves.

18 Q. Okay. In addition, from your experience, how
19 does the competition from other produce industries
20 affect how South Texas onions met the market of their
21 onions?

22 A. Did you say other produce industries or other
23 food products in general?

24 Q. Other produce industries.

25 A. So we always talk about both share of stomach

1 and share of wallet. The average consumer can only eat
2 and only purchase so much food.

3 So every time they go to the grocery
4 store, they have a choice. We start with that choice
5 being the changing consumer -- we say again,
6 anecdotally, that a consumer is more likely to have an
7 avocado in their pantry than they are to have an onion
8 in their pantry, but if we went back 20 years, all
9 consumers would have an onion in their pantry, likely
10 two pounds and five pounds of onions in their pantry and
11 every meal would have started with an onion.

12 If we -- if we compare why there's an
13 avocado in the pantry today compared to an onion in the
14 pantry, we can see the success story of the Mexican
15 avocado industry and how they have taken a very
16 significant multi-million-dollar commodity and
17 translated that into consumer marketing, consumer
18 branding and ultimately, category sales that have
19 incrementally grown consumption across the United
20 States.

21 And then anecdotally, you compare that to,
22 you know, South Texas onion and watching our
23 consumption, you know, rate of onions are on the
24 decline. I have seen category dollars. I've seen
25 category volume across the onion category, that's for

1 all onions. It is down, thankfully.

2 Sweet onions have mostly held their own,
3 making sweet onions a valuable asset to the commodity,
4 that commodity category as well as a premium item
5 compared to say whites or yellows, but it's still
6 incredibly important to make sure the average consumer
7 knows that an onion should be part of every meal as kind
8 of that base as onions are almost like salt.

9 Q. Thank you.

10 So in your perspective, is the ability to
11 engage in marketing and promotion and paid advertising
12 and other produce industries or other onion industries,
13 such as the Vidalia sweet onion made them more
14 successful in the marketplace as compared to the Texas
15 1015s?

16 A. Absolutely. If you take a look at something,
17 like in comparison of the Vidala onion industry, they
18 would not exist if it was not for the original Texas
19 sweet onion coming from that original, sort of, Bermuda
20 onion that was part of -- that was part of where the
21 genetics came from to make Vidalia onions possible. The
22 Texas 1015 made the original sweet onion. The first
23 onion of the season.

24 We miss out on all of those opportunities,
25 even though those are the talking points. At the same

1 time, Vidalia onions, as a brand, has taken over market
2 share, kind of, share of mind, if you will, share of
3 brand and what consumers think of.

4 If you ask a consumer, you know, what kind
5 of sweet onion do you eat, they will say Vidalia. If
6 you asked them, you know, what sweet onion is available
7 in the spring, it's Vidalia.

8 That was sort of the lack of marketing
9 that gave Vidalia a gap to earn the credit for that
10 space and diminish South Texas onion's role in the space
11 because they did have the tools or resources when
12 Vidalia took advantage of the tools and resources they
13 made available to their industry and the marketing
14 discipline that they used to grow that brand.

15 Q. How do you anticipate the amendment to add
16 marketing promotion and paid advertising will affect
17 consumer awareness and demand for South Texas onions and
18 the industry position over time?

19 A. I think being able to use our USDA specialty
20 crop block examples, almost as a pilot example of what's
21 possible when we apply marketing funds. It's a great
22 example to show getting -- you know, how we've been able
23 to use marketing to grow our social media presence to
24 get consumers more aware of the Texas 1015 brand, to get
25 them accessing our site. We're driving, you know,

1 two-plus billion impressions a year. We're reaching new
2 buyers that are putting Texas 1015s on promotion for the
3 first time in history, even Texas retailers.

4 I mean, it seems crazy, but a Texas
5 retailer would buy Texas onions through a Vidalia
6 company. It says we have missed opportunities, but it's
7 proof that when we apply marketing, that we can change
8 that narrative and that response.

9 And having those dollars to continue to do
10 that, I believe will prove critical to the ongoing
11 continued success and growth to reinvigorate the South
12 Texas onion industry.

13 Q. Thank you. And moving on from your testimony,
14 from having those dollars to continue to do that, I'll
15 be moving to proposal number three, which is
16 contributions authority.

17 What challenges would the addition of
18 contribution authority address, from your perspective
19 for the South Texas onion industry?

20 A. So we always find that there may or may not be
21 allowable expenses that USDA -- specialty crop block
22 grants.

23 So in the past, the Texas International
24 Produce Association have applied for those grants and
25 operated and managed those grants. If the South Texas

1 Onion Committee was allowed to accept those funds, they
2 could go directly through the organization that would
3 allow additional grant dollars.

4 Additionally, I mentioned speaking with
5 economic development organizations, so we had
6 conversations around the Rio Grande Valley with other
7 economic development entities that recognize the
8 economic impact the Texas -- South Texas onions have in
9 their region and the importance of those producers and
10 acreage and what it does.

11 So therefore, they are also financially
12 willing to support some marketing efforts so there would
13 need to be a pathway for those dollars to come into the
14 organizations. Even in some cases, we have discussed
15 with growers the opportunity to put additional funds
16 toward marketing promotions beyond their commodity
17 assessment, and each of those individual items and
18 things that we may not even identify at this moment
19 become opportunities to grow total bottom line budget to
20 support the Texas onion industry.

21 Q. Okay. Thank you.

22 And in your testimony, when you refer to
23 "leveraging outside funds to modernize and expand
24 marketing efforts," are you describing the ability to
25 participate in marketing initiatives that may have or

1 would otherwise have been cost prohibitive by using
2 assessments alone?

3 A. Yes. So that could be multifold as well. So
4 same thing, leveraging potentially those economic
5 dollars to expand on what we could do. So again, they
6 would be cost prohibitive. It might be partnering with
7 another organization that provides some funds against
8 the total event.

9 I think when an organization is smaller,
10 it doesn't mean that there is less opportunities. It
11 means you have to be more creative in how you pursue and
12 initiate those and that sometimes means working with
13 partners who have shared interests and shared
14 partnership for success. So having all the tools
15 available to us are -- are important versus limiting how
16 and where we can go to market.

17 Q. Okay. Thank you.

18 Turning to proposal number four, public
19 member. If a public member seat could be held by an
20 individual that has a marketing background, such as
21 yourself, what value would that bring to the committee?

22 A. Growers are super -- I found that they are
23 super creative. I found that they are super focused on
24 what they do and they are experts in their field of
25 production. That does not always mean they are experts

1 in production related to marketing and they provide --
2 so an opportunity to add an outside entity to the board,
3 whether that is a public member from economic
4 development, whether it's someone from Texas A&M,
5 whether it's another public entity that just makes sense
6 to hold the space, this is an opportunity to bring new
7 ideas, new resources, public experience to the table
8 that growers don't often have.

9 I would certainly not be the best person
10 to bring to the table and tell a grower how they should
11 grow onions, but I do think when consumers can come to
12 the table, particularly bringing new ideas, finding
13 examples of how they are -- how they are participating
14 in the public world, it creates a unique opportunity for
15 them to share firsthand knowledge.

16 I can reflect back 25 years to when I
17 worked as the executive director of the Texas Citrus
18 Industry and I walked into a board meeting that was just
19 full of growers to talk about marketing, and a grower
20 said to me, if I could only -- if we could just give
21 everybody a grapefruit spoon, we wouldn't have trouble
22 selling grapefruit.

23 I asked him if he shopped. He said, no,
24 my wife does the shopping. I asked him if he cooked his
25 own breakfast, and he said, no, my wife -- my wife makes

1 sure my breakfast is ready for me in the morning. And I
2 said, so what you're telling me is the consumer doesn't
3 need a grapefruit spoon, the consumer needs a wife. I
4 can't afford to buy every man a wife.

5 So sometimes we get caught in our own
6 minds of what we think the consumer does today based on
7 our own experiences -- so being able to bring in outside
8 voices was critically important.

9 Q. Thank you.

10 I know I focused on proposals two, three
11 and four so I'm going to round back up to proposal
12 number one which is to lower the continuance referendum
13 threshold.

14 Are you familiar with a continuance
15 referendum process?

16 A. Yes.

17 Q. From your perspective, what challenges is the
18 industry facing with the current referendum
19 requirements?

20 A. I think what we see is that this organization,
21 as well as other commodity boards, is growers are being
22 asked to wear a lot of hats. They are in a lot of
23 places and like everyone else, they -- they are managing
24 staff to manage all the things that they need to do and
25 we certainly don't want to limit the ability to

1 participate, but it is harder to get people in a room
2 and, you know, even if we follow, you know, general
3 voting in the public, in elections, super -- you know,
4 supermajorities are more of a commonplace.

5 I think the average voting turnout is
6 somewhere around, you know, 50 to 55 percent in the
7 public space. Same thing if a grower is in a field and
8 they're busy with production, they have trouble getting
9 away.

10 At the same time, you know, just -- like I
11 think Kristin mentioned getting to the mail. She has
12 the opportunity because she's an administrative person
13 in the office so you find more time to get away and vote
14 and they are a small business. They are a smaller
15 organization. Steve on the other hand, he's taking a
16 lot of time to sit here over the last few days, but
17 Steve's probably got work out in the warehouse or in the
18 fields to get to.

19 We certainly want to make sure that every
20 grower is represented across large and small business
21 producers, handlers, shippers, but we also need to make
22 sure that the business of the onion industry can be
23 moved forward.

24 Q. And how do you think --

25 A. And there's trust in that.

1 Q. Sorry.

2 How do you think lowering the threshold to
3 a simple majority would affect the industry?

4 A. I can't speak to this exactly, but I believe it
5 was -- a couple years ago, the industry almost lost
6 their marketing order, not because of lack of interest,
7 but because -- and Dante Galeazzi can probably speak
8 more directly to this, but it was because of lack of
9 turnout, not because people didn't want it, but because
10 it was just, sort of, the ability to respond was delayed
11 and if we were only at the majority, we wouldn't have
12 had that issue.

13 Q. So from your perspective, does the producers'
14 failure to vote or low turnout necessarily mean that
15 producers opposed the marketing order?

16 A. No, I believe that -- there is a lot of, for
17 example, growers who are represented by a marketing or
18 marketing type of agencies that does their sales for
19 them, and there's trust of the fact that there are
20 individuals from the organization who are representing
21 their best interest. You may not have time to
22 participate because they are busy in the growing
23 process, but recognize that on their own with no input,
24 we wouldn't be successful.

25 Q. From your perspective --

1 A. I think it's a time issue. I think there's
2 just not enough hours of the day to get everything done
3 so they're trusting other people to speak on their
4 behalf.

5 Q. And from your perspective, how important is the
6 continued operation of the marketing order to the
7 industry? What might happen if the marketing order were
8 no longer in place?

9 A. My expectation would follow the case of other
10 types of industries around the country. Michigan
11 asparagus as a whole comes to mind. The commodity
12 boards no longer exist there. If I think about grapes
13 in California, they still have a commodity board, but
14 domestic marketing has changed. It's now pretty much
15 relied on by the U.S. They save it for -- I think their
16 international marketing. The same with Washington
17 apples. Washington apple is in massive overproduction
18 and losing money. They still exist, but Washington is
19 one of two states in the country operating at an
20 agricultural financial deficit. I think there's value
21 when the industry is speaking together and working
22 together to build a representative brand, especially as
23 imports that put fresh onions in U.S. markets.

24 Q. Thank you. And to clarify -- I'm gonna have
25 you repeat for the record.

1 Do you support the proposal to lower the
2 continuance referendum to a simple majority?

3 A. Yes.

4 Q. I'm still here.

5 And do you believe the proposals reflect
6 the current needs of the industry?

7 A. Yes.

8 Q. Is there anything else that you would like to
9 share about how these proposals may affect the industry?

10 A. I just believe that we're at a place -- and
11 this is an opportunity to provide modernization of this
12 commodity order to make it more relevant to consumers,
13 states and organizations to help the Texas onion be more
14 relevant and stable for years to come.

15 Q. Thank you.

16 MS. EANKEY: I have no further questions.

17 MS. McMURTREY: This is Michelle
18 McMurtrey. I just want to make sure her testimony is
19 marked as Exhibit 16.

20 CROSS-EXAMINATION

21 BY MS. McMURTREY:

22 Q. Okay. There's been a lot of discussion about
23 the grants and things that are available from the
24 federal government and the state government, I think
25 specifically a lot with the specialty crop block grant.

1 Are there any opportunities available
2 through the state that the committee could take
3 advantage of?

4 A. Not to my knowledge at this point. We do work
5 closely with the Texas Department of Ag, International
6 Produce Association, South Texas onion -- with the Texas
7 Department of Ag to look for opportunities to do so, but
8 not to my knowledge.

9 Q. Okay. And with other -- other items and then
10 with I think you mentioned that the specialty crop block
11 grant, that was -- that you worked with to develop a
12 website.

13 Was there a noticeable improvement in
14 marketing and outreach with -- that you saw from that
15 grant, from your work on that?

16 A. Sure. I believe there are three different
17 grants initiated over the course of several years that
18 provided proof of concept. We have not earned
19 additional grants and mostly that has been based on the
20 fact that the goal of those grants is to provide some
21 proof of concept, pilot programs, allowing organizations
22 to become self-sustaining as part of the -- the goal
23 here to take the learnings from those grant programs and
24 apply them into increasing this program.

25 But, yes, through that, like I said, we

1 have opened new retailer promotions, gotten more product
2 on shelf. We have extended, in some cases, which onions
3 can be sold through the marketplace with the idea being,
4 get as much product to the market as possible earlier in
5 the season before they feel pressure from South Texas.

6 We have, you know, examples where we have
7 earned media -- social media impressions, unique
8 opportunities to expand that message online, grow
9 followers. We've had online giveaways that have
10 attracted, you know, in the hundreds of thousands of
11 participants.

12 So by each step, we have incrementally
13 grown. What we know, the consumers are actually
14 interested in Texas onions. They just need awareness.

15 Q. Great. Going to the public member addition,
16 what would your vision be as a public member? What
17 qualities would they possess?

18 A. I think it's important that the public member
19 is willing to provide, you know, their own credible
20 experience, both as a consumer as well as -- it could be
21 point of view from what they believe to be true in the
22 market, right? So we aren't hearing just a singular set
23 of voices, that they're willing to be articulate in
24 voicing not only their own opinions and ideas, but also,
25 you know, to be willing to challenge existing ideas, to

1 grow them and become unique in their own right.

2 And as far as where the person comes from,
3 I think there are a lot of places where they can find
4 unique, talented individuals to fill those roles that
5 bring a lot of individual expertise.

6 Q. Okay. Great. That's all that I have. Thank
7 you so much.

8 MS. CHILUKURI: Rupa Chilukuri.

9 CROSS-EXAMINATION

10 BY MS. CHILUKURI:

11 Q. Thank you, Ms. Goodman. I just have a few
12 questions.

13 During, I believe it was Ms. Fisher's
14 testimony. She talked a little bit about it's important
15 to educate consumers, but also it's important to educate
16 retailers.

17 So I was curious to hear your thoughts
18 about that.

19 A. Yes. So produce is a unique environment
20 compared to other categories throughout the grocery
21 store. In many cases, throughout the grocery store --
22 let's say you're going to buy beef jerky or, you know,
23 macaroni. You might go to find a variety of different
24 brands on the shelf, and as a consumer you get to
25 choose.

1 When you go to fresh produce as a
2 consumer, you have a choice. Like, you are buying --
3 like, your choice might be a variety, right? Like, I'm
4 buying a sweet onion, or I'm buying a red onion, or I'm
5 buying a yellow onion, or I'm buying a Gala apple or a
6 Honeycrisp apple, but I'm not getting to decide if I
7 want to buy a Rainier apple or I want a fresh apple or I
8 want a donut apple, right? You get one branded choice.
9 I just might get to select a variety.

10 So when we go to buyers, we have to work
11 with them to help them understand why their sweet onion
12 of choice should be Texas 1015 onions and not Vidalia
13 onions, or not a Mexican onion. We want them to see
14 that there is value in following -- following the
15 seasons. We want to talk about, you know, being the
16 original sweet onion. We want to talk about shelf life.
17 We want to talk about sustainability related to miles,
18 in some cases, of where it's coming from and we want to
19 give them the information we need to earn a place on the
20 shelf.

21 Additionally, it is important that buyers
22 are changing. It used to be, historically, produce
23 buyers and category(sic) managers for produce had long
24 durations in the produce department. They were people
25 who maybe started as a stocking clerk at a grocery

1 store, then they went into maybe procurement at that
2 grocery headquarters, then earned their way up and they
3 have five and ten and sometimes 20-plus years of
4 experience in the produce category that towards making
5 decisions.

6 At this point, a buyer might be very
7 young. They might be right out of high school -- not
8 out of high school. Out of college, excuse me. They
9 might have bought toilet paper before they started to --
10 or even soup before they started to buy fresh produce.
11 So having to help them understand the differences in
12 seasonality, the differences in quality, are uniquely
13 important so they understand that fresh produce isn't an
14 item that they can buy from a spreadsheet and a set of
15 metrics that they get online.

16 Q. And you've been talking about some of the
17 competitors to Texas 1015.

18 Do you have any information on, I guess,
19 market share for these competitors as compared to Texas
20 1015.

21 A. We do not have data, so I don't have any
22 specific data that shows what percentage of share that
23 Texas has compared to Vidalia, anecdotally. Like I
24 said, I can tell you broadly, sweet onions are about 30
25 percent of the total onion category and have a higher

1 percentage of premium. So the more that we can get of
2 the sweet onion category during that market period, the
3 better.

4 Q. Thank you.

5 CROSS-EXAMINATION

6 BY MS. FUHRMEISTER:

7 Q. Hello, Ms. Goodman.

8 MS. FUHRMEISTER: Delaney Fuhrmeister for
9 the record.

10 Q. Can you explain any projects or activities that
11 were not allowed because the committee did not have the
12 authorization for paid advertising?

13 A. Yes. We have several things that we can't do.
14 If we start first in marketing, we cannot go into our
15 trade publications and do a media buy that would allow
16 us to make a joint advertising purchase in publications
17 like The Produce News or The Packer or in AndNowUKnow
18 that go directly to produce buyers on a daily basis
19 reminding them that the product is in season or
20 promotions that we might have available. So we lose out
21 on that kind of, you know, mind share of them thinking
22 about Texas 1015 onions versus competitively seeing a
23 lot from Vidalia.

24 Additionally, when we start thinking about
25 the state marketing, same thing. If we can't use paid

1 advertising, we cannot use our social posts so then we
2 might be getting a small -- one to two percent of our
3 followers see the content.

4 With the B2C phase, there is a lot of new
5 digital marketing tools, that might include CTV and
6 digital advertising. We cannot use those tools. Social
7 influencers have become a huge part of the online
8 messaging of online engagement.

9 Approximately, 85 percent of consumers
10 will make their buying decisions based on something they
11 see from an online influence or an online ad. So when
12 you work with an online influencer to get a recipe, but
13 they can't share that specific BMI, they can't boost
14 that recipe they might create for us.

15 So again, the same thing with them helping
16 them -- a paid resource to help us reach a greater
17 amount of followers, those individuals might be
18 micro-influencers with the 50 to 100,000 followers.
19 They may be midsize influencers that have several
20 hundred thousand followers and being able to reach their
21 audiences and then some across our demographics and
22 region is critically important.

23 The same might apply in looking at
24 transformational digital media and how consumers shop.
25 A huge amount of consumers are now purchasing online.

1 So even being able to use Instacart or Shift in their
2 digital keyword promotion, we have tested this with
3 other clients where we have purchased Instacart keyword
4 advertising.

5 So for example, with one potato plant, we
6 did \$2,000 worth of digital keyword advertising over a
7 one-month period of time and generated \$10,000 in
8 incremental sales. So proof that that consumer could
9 directly -- directly make a buying decision based on
10 seeing that digital ad.

11 Q. Thank you.

12 And compared to the current organic
13 marketing, which is social media posts and education
14 that the community is currently doing, what kind of
15 increase on return of investment could you expect?

16 A. I think we could immediately, with advertising,
17 you know, see, you know, double digit to triple digit
18 increases in impressions and access with a budget that
19 allows us to use paid media.

20 Q. And following that, do you believe that this
21 would increase direct grower returns?

22 A. Yes. So even being able to use that -- yes,
23 even being able to use that potato example as, kind of,
24 a proof of concept, right, \$2,000 in paid advertising
25 directly created a \$10,000 increment in sales. That's

1 just one unique example. It's a very small task in a
2 very small region in one state. So being able to
3 amplify those types of projects at a retailer with some
4 of their digital promotion programs -- going back into
5 Instagram or Shift or any other capacity certainly will
6 give us the opportunity to put return dollars right back
7 in the grower's pocket.

8 Q. Thank you. Those are all the questions I have.

9 MR. McFETRIDGE: Marc McFetridge, USDA.

10 CROSS-EXAMINATION

11 BY MR. McFETRIDGE:

12 Q. Ms. Goodman, would you consider Fill Tilt
13 Marketing as an agricultural service provider?

14 A. Would I consider myself an agriculture service
15 provider? Is that what you said?

16 Q. Yeah.

17 A. I guess it depends on what you want your
18 classification to be. I personally think of
19 agricultural service providers as chemical companies or
20 fertilizer companies, but I guess it could be considered
21 an ag service provider.

22 Q. Thank you.

23 Based upon the Small Business
24 Administration definition of a small agriculture service
25 firm as being -- having annual receipts of less than

1 34 million dollars per year for just onions, would
2 you -- how would you classify yourself? Small or large?

3 A. Yes, I am a small business and I have a small
4 business certification through the state of North Dakota
5 and we are also a woman-owned business.

6 Q. All right. Thank you very much.

7 Yesterday Mr. Galeazzi testified that the
8 committee has a difficulty reaching funds above \$75,000
9 for marketing.

10 Based on your expert opinion, do you feel
11 like this number is reasonable to keep the committee or
12 the Texas onion relevant or competitive in the domestic
13 market?

14 A. It is definitely not competitive against their
15 competitors. It is a start and I think even being able
16 to look ahead at finding increases, looking at --
17 looking ahead to the amendment where we are looking for,
18 you know, shared partner funds from other organizations,
19 making -- making that allowable gives us opportunities
20 to grow that budget for future marketing amplification.

21 If nothing changes, I'm sure the board
22 will have to be very thoughtful in considering what is
23 their long-term potential, but I think the simple fact
24 that they've taken a step to say they want to modernize
25 their current marketing order says they are interested

1 in finding a way to grow their path for marketing
2 looking ahead.

3 Q. Thank you.

4 So would you say, based on your opinion,
5 that being able to expand marketing funds past 75 -- or
6 \$70,000 per year would help to increase grower returns?

7 A. Absolutely.

8 Q. All right. Thank you.

9 Based on your testimony, number three,
10 using assessment funds for paid advertising. I just
11 wanted to ask for clarification. The way it reads is
12 that you just want to have assessment funds, possibly,
13 to use for paid advertising.

14 I wanted to get your opinion. Would you
15 also consider outside funds to be also used for paid
16 advertising, not just assessment -- or assessment funds?

17 A. Correct. The board would like to consider, as
18 I understand it, funds from multiple opportunities. So
19 this would be a case of -- so if we looked at both paid
20 advertising as well as the other amendment related to
21 outside funds, but those would be comingled funds that
22 allowed for expansion of retail promotions and paid
23 advertising opportunities in tandem.

24 Q. All right. Perfect. Thank you very much.

25 MR. McFETRIDGE: That is all my questions,

1 Your Honor.

2 ARBITRATOR CARLOS: Okay. Anybody else
3 have any questions?

4 MS. EANKEY: Yes, I have one additional
5 question. This is Christy Eankey.

6 RECROSS-EXAMINATION

7 BY MS. EANKEY:

8 Q. Ms. Goodman, how do you anticipate the
9 amendment to add marketing promotion and paid
10 advertisements would affect your operation or your work
11 with the committee?

12 A. That would be handled every season. So as we
13 competitively participate or are hired for that work,
14 and then in doing so, we would work closely with the
15 committee to determine their goals and proceed and offer
16 them tools and resources that best fit their goals for
17 them to make a decision on their overall marketing plan.

18 We offer the best strategic counsel and
19 what that looks like, and as -- just a note of reference
20 on our part, if we purchase paid advertising for any
21 clients, we do not mark up advertising. So even by
22 adding paid advertising, it does not change what would
23 be our consulting retainer for our clients, not just an
24 internal effort within our home office and agency, it's
25 different from other marketing consulting firms.

1 So for us, them adding paid advertising
2 really holistically amplifies their overall reach
3 without increasing the dollar start amount.

4 Q. Thank you.

5 MS. EANKEY: No further questions, Your
6 Honor.

7 ARBITRATOR CARLOS: Okay. Thank you very
8 much for your testimony. I have a question.

9 Did you participate -- you talked during
10 your testimony about what other people testified
11 yesterday so I guess you attended virtually yesterday;
12 is that correct?

13 MS. GOODMAN: Yes.

14 ARBITRATOR CARLOS: Okay. Good.

15 Ms. Goodman, thank you very much for your
16 testimony. Your time and efforts are greatly
17 appreciated.

18 MS. GOODMAN: Thank you.

19 MS. McMURTREY: Your Honor, if we could
20 make sure Exhibit 16 --

21 ARBITRATOR CARLOS: Oh. Exhibit 16 is
22 admitted into evidence.

23 All right. Next. I say we keep on going.
24 Next witness virtually is --

25 MR. GALEAZZI: The next witness will be

1 Dr. Juan Anciso.

2 ARBITRATOR CARLOS: Dr. Anciso, there you
3 are.

4 DR. ANCISO: Here I am.

5 ARBITRATOR CARLOS: Okay. Please raise
6 your right hand.

7 DR. JUAN ANCISO,
8 having been first duly sworn, testified as follows:

9 TESTIMONY OF DR. JUAN ANCISO

10 ARBITRATOR CARLOS: Please state your full
11 name and spell your last name for the record.

12 DR. ANCISO: My name is Juan Anciso and my
13 last name is spelled A-N-C-I-S-O.

14 ARBITRATOR CARLOS: Did you attend
15 yesterday virtually or just today?

16 DR. ANCISO: Just today.

17 ARBITRATOR CARLOS: Okay. Thank you.
18 Please begin your testimony.

19 DR. ANCISO: Sure.

20 My name is Juan Anciso. I am a professor
21 and an extension vegetable specialist with the Texas A&M
22 Agrilife extension service. I've been in this role
23 since 1989 and by being in this role, I have worked
24 really closely with the onion industry here in South
25 Texas.

1 I have been -- I am here to give testimony
2 on the four proposals to the referendum to the South
3 Texas marketing order agreement, and I would say, you
4 know, based on my history in terms of being on the
5 committee, not continuously, but off and on for the past
6 three or five years, of course, as a grower and as an
7 educator, I have seen, you know, the industry and the
8 committee change.

9 I, you know, can tell you that back, you
10 know, in 1990, there was 13,000, 15,000 acres of onions
11 with about seven to eight million bags that are under --
12 that would go under the assessment.

13 Currently, we're probably anywhere from
14 five to seven thousand acres with about five to
15 six million bags under the assessment. So all that
16 change has really brought about an impact on the
17 committee, on the funding to keep this program going, as
18 in, you have more acres and more units to -- for the
19 self-assessment, there's more opportunities.

20 So basically, we see a decrease or a
21 shrinkage of the acreage, a shrinkage of the funding and
22 a shrinkage of the growers as well. You know, we can
23 pretty much safely say that there is about 20 to 30
24 onion growers that grow onions.

25 I would say, again, working in a support

1 capacity, these onion growers support, you know, these,
2 according to economists, six to seven other individuals.
3 So, you know, there's other acts of support people that
4 have our best interest and making sure that our onion
5 industry remains competitive and actually just remains
6 as we continue to shrink for many reasons, you know,
7 that the industry has undergone over the years.

8 So with that, I would like to say that I
9 support proposal one to lower the continuance referendum
10 threshold from at least two-thirds to a simple majority.
11 I support proposal two to expand research and promotion
12 authority to include market promotion and paid
13 advertising. I support proposal three, authority to
14 accept voluntary contributions and I support proposal
15 four, to increase the committee size by one seat to
16 include a public member.

17 ARBITRATOR CARLOS: Okay. Thank you for
18 your testimony. And I'll admit Exhibit 17 into
19 evidence.

20 Ms. Eankey?

21 CROSS-EXAMINATION

22 BY MS. EANKEY:

23 Q. Dr. Anciso. Am I pronouncing that correctly?

24 A. That is correct.

25 Q. Yes. The testimony we have here for you, the

1 written one did not match the exact oral statement that
2 you just gave.

3 Do you want to read -- do you have a copy
4 of your testimony where you can read it into the record,
5 the one that you just -- that we have here physically?

6 A. No, I did not have it with me. I just have
7 notes.

8 Q. Okay. Thank you.

9 You stated that you --

10 ARBITRATOR CARLOS: Well, just to clarify
11 the record.

12 So, Dr. Anciso, I have here Exhibit 17.
13 It was basically a statement and it said you address two
14 things, the request to accept outside monies and the
15 request to change continuing referendums so -- and it's
16 just a one-page, two-paragraph. Is that a statement
17 prepared by you submitted to the -- I guess TIPA?

18 DR. ANCISO: Yes. Yes, I prepared that.

19 ARBITRATOR CARLOS: All right. Good.

20 It's admitted into evidence. Thank you.

21 MS. EANKEY: Thank you, Your Honor.

22 Q. (By Ms. Eankey) In your testimony, you stated
23 that you were also a grower; is that correct?

24 A. That's correct. I'm a past grower.

25 Q. So you're not an active grower, but you used to

1 grow Texas onions?

2 A. Not in this season, no.

3 Q. And you stated that you also participated on
4 the committee as a grower. So you sat as a member of
5 the committee as a grower?

6 A. As a -- I would say as an alternate and as a
7 grower.

8 Q. And when you sat on the committee and when you
9 were growing onions, under the Small Business
10 Administration, would you be considered a small or a
11 large grower?

12 A. Definitely small.

13 Q. Okay. Thank you.

14 You mentioned the shrinkage in the
15 industry. Has the number of producers and handlers
16 declined over time, from your perspective?

17 A. Yes. As I mentioned, we went anywhere from 13-
18 to 15,000 acres that I -- you know, that I have been
19 involved with, all the way down to 5- to 7,000 acres of
20 the acreage has greatly decreased, but the number of
21 individuals has greatly decreased as well as far as
22 onion growers, onion handlers.

23 You know, I can't give you an exact
24 number, but surely by more than half as the timeframe --
25 if not a lot more. So that has created a problem in

1 when we do have these onion -- South Texas Onion
2 Committee meetings, and basically having any referendum
3 really passed because really it's -- you know, there was
4 a previous grower that's been, you know, been involved
5 for 40 years. I have been involved for 35 years.

6 It's kind of been -- you know, we're being
7 reduced down to the same few people that -- you know,
8 it's really hard to get attendance, to get things moving
9 forward and achieving that two-third vote pass that I
10 have seen in the past has really hindered things in the
11 South Texas Onion Committee.

12 Q. So to clarify, you're stating that the
13 reduction and industry decline has impacted the voter
14 turnout in the continuance threshold because there are
15 less growers in the industry?

16 A. Yes.

17 Q. From your perspective, can you provide what
18 factors do you believe have contributed to the decline
19 in the industry?

20 A. Well, there's a lot of factors and I think they
21 all culminate to one thing. You know, less onion acres,
22 less growers. Certainly, one factor that is big is
23 marketing, and what I mean by marketing is price of
24 onions. You know, the price of onions has, you know --
25 any produce commodity can fluctuate to very high to very

1 low.

2 Earlier, you know, we talked about the
3 cost of production, you know, what -- you know, what the
4 price was, I think 15 cents a pound, average. If we
5 were to take that average, that would translate to \$7.50
6 a bag.

7 You know, it has taken over \$8 a bag to
8 grow it. You can see that growers are not going to be
9 in the business of growing onions very long because it's
10 just negative. So there are those years, and I'm not
11 saying that all years are like that. There are years
12 where it is profitable to grow onions and that's why we
13 have a vegetable industry here in the Rio Grande Valley
14 so that's part of the risks.

15 So marketing has been one. Water
16 irrigation. Water has really irrigated our onion crops
17 from the Rio Grande River. Obviously, the drought --
18 the fact that, you know, the water shed, both on the
19 Mexican side, the U.S. has not received the types of
20 inflows that we saw, you know, decades ago.

21 And certainly, you know, the fact that --
22 you know, most of that water actually falls on the
23 Mexican side and they've not released water. So that's
24 impacted availability of water.

25 There's also been, you know, age. You

1 know, so I remember, you know, years ago there was a lot
2 of handlers, a lot of large packing sheds, and a lot of
3 those large packing sheds, those individuals that have
4 retired, have moved on, so there have been multiple
5 reasons why the industry has shrunk, but I think at
6 the -- at the footstool of why it has decreased has been
7 because of marketing and water and the cost of -- the
8 increased cost of growing onions, for example.

9 Q. Okay. Thank you.

10 You mentioned a number of challenges that
11 have affected the industry that has impacted their
12 ability to reach the two-thirds threshold in the
13 continuance referendum.

14 A. Uh-huh.

15 Q. Based on your experience -- and prior
16 testimony, producers mentioned that there are growers in
17 the industry that may be unfamiliar with the process or
18 they may be constrained due to economic conditions and
19 they just don't -- don't have the ability to
20 participate.

21 Does that align with your experience? Are
22 there some producers in the industry that are unfamiliar
23 with the referendum process?

24 A. Well, I think there's always been an effort to
25 try to educate growers and since -- I mentioned it's a

1 small community. We're not talking about thousands of
2 people. We're not even talking about hundreds of
3 people, so I think people do know. I think people -- I
4 mean, if we could all agree on something unanimously --
5 unanimously, you know, everything would move forward and
6 be -- but people have different opinions about, you
7 know, how their self-assessment -- I call it self-tax.

8 You know, how should we spend -- or even
9 if they should be having a self-assessment. So I
10 respect everybody's positions, you know, how they view
11 things, you know, as far as the South Texas marketing
12 order, but there are definitely differences of opinions,
13 you know, so -- but I think that the majority of the
14 industry does agree that the South Texas Onion Committee
15 has been a positive in terms of bringing together the
16 industry for a uniform onion and expected onion.

17 So I think all of that has been very
18 positive for the industry. Now, you know, people could
19 argue and say, well, we'll let the free market determine
20 the price of onions. Well, you know, we haven't played
21 by that game in terms, in the sense that, you know, the
22 marketing order was almost voted -- or was voted away
23 and came back, but it certainly brings, you know, the
24 folks that believe in different ideas, you know, that
25 will work and -- and make them money.

1 Q. Thank you.

2 From your perspective, how important is
3 that continued operation of the marketing order and what
4 might happen if the marketing order were no longer in
5 place?

6 A. Well, like I said, we haven't lived through
7 that, but I would say that it would be -- it is a tool
8 and it's been an effective tool, from my perspective, in
9 the sense that it delivers a type of onion, a quality of
10 pack of something that's known, and -- and, you know,
11 here in South Texas, we are affected by rain events that
12 tend to happen in the month of -- you know, late March,
13 April and early May, when these onions are being
14 harvested. So there are some spring rains or torrential
15 rains that can happen.

16 So again, I think, you know, if the
17 marketing order was not in place, you might see onions
18 -- and those kind of weather environments -- go to
19 market and then maybe create a reputation or an image
20 that, you know, South Texas can and will be delivering
21 onions that will not -- you know, have a shelf life.

22 Q. And how would the reduction of the two-thirds
23 threshold to a simple majority benefit the industry?

24 A. So I think there's been a lot of conversations,
25 whether it's, you know, people voting or people or

1 acreage or, you know, as far as, you know, how the
2 majority would work, you know, in the past, you know, I
3 did observe this, you know, where you had a few that had
4 the most of the acreage, large package sheds, they would
5 vote their way of how they saw fit was best for their
6 operation.

7 So you have another guy who we will call
8 small have viewed it as a -- as a scenario where, you
9 know, it just benefits them, it doesn't benefit us. So
10 I'm thinking that if we remove the hurdle of it's just
11 -- you know, where it's people who have more acreage
12 that -- I think people can agree to a majority.

13 Again, like I said, when we did have this
14 two-thirds, you know, we had majority. We had 55,
15 60 percent of the people agreeing, just nothing would
16 move forward. So, you know, probably something that you
17 see a lot in our current congressional situation.

18 So I think that -- I think to simplify
19 things and allow for things to be moved instead of just
20 discussed and everybody gets frustrated because nothing
21 gets done, I think that this will help with that.

22 Q. And to clarify, proposal number one is to lower
23 the continuance referendum threshold from two-thirds to
24 a simple majority.

25 Is it your understanding that this

1 amendment does not affect how the committee makes
2 motions or recommendations, this is just to lower the
3 threshold for how growers -- how we measure growers
4 support in the industry?

5 A. Yes.

6 Q. Okay. In the committee justification, they
7 stated that lowering the threshold would give smaller
8 growers a larger, greater voice.

9 Does this align with your experience?

10 A. Well, people can view it that way -- view it
11 like that, but again, like I said, you know, being on
12 the South Texas Onion Committee for 35 years and going
13 to many of those meetings in the 1990s, you had -- you
14 know, a few large operations kind of run the show, so to
15 speak. You know, it did put a bad taste in a lot of
16 small growers' mouths.

17 So I would say that, you know, it will be
18 an equal and fair way for everyone to have an equal
19 voice.

20 Q. So it is your understanding that this amendment
21 would benefit all growers regardless of size?

22 A. It would benefit all growers that -- that seek
23 that majority approval, yes.

24 Q. Okay. Thank you.

25 Moving to proposal number three. Based on

1 your testimony here, you stated contribution authority
2 would allow the committee to support targeted projects
3 that directly benefit the South Texas onion industry.

4 Can you explain -- what did you mean by
5 "targeted projects"?

6 A. Again, you know, the budget is so small based
7 on the assessments. There's been situations where there
8 was not a grant. There was not a specialty crop block
9 grant. There wasn't specialty crop research, SCRI, all
10 these grants that could maybe address an issue, you
11 know.

12 An example would be -- when the -- in the
13 industry between 2006 and 2010, you know, no one was
14 really working on it because, one, there was no grants
15 being given to the researchers or the researchers
16 weren't being awarded any grants.

17 The industry had their hands tied because
18 they really didn't have any assessments -- any funds to
19 release to -- to do any type of research or if they did
20 have any funds, it was so minimal, very little could be
21 done.

22 So there are some situations at times that
23 I would call, kind of, emergency. That's, you know, one
24 example that comes to mind. Maybe the mechanical
25 harvesting scenario, well, specialty crop research

1 missed a grant to address that. You know, these
2 conversations were being done before that grant was
3 awarded, and there was efforts in the onion industry to
4 look at things, whether there were certain trailers or
5 certain things or just even to pay for moving the
6 equipment down from another location to just test it
7 down here.

8 So while the industry had great interest
9 to do something and learn or know more about it, whether
10 that was a solution for them or not, it couldn't be
11 done, so -- because there was no funds.

12 So I believe by accepting these voluntary
13 contributions it will help that budget address these
14 scenarios when we can't have -- when we don't have --
15 when there's no funds in that category from the South
16 Texas Onion Committee assessments to help the industry.

17 And those are things that I do talk about,
18 whether it's Iris Yellow Spot Virus in onions or
19 mechanization harvest of onions, you know, those are
20 critically needed things at the time where, you know --
21 like I said, we're really in a dire situation from many
22 angles, whether it's irrigation water, pest, markets
23 that -- you know, one day, you know, it may -- I would
24 say if onion growers continue with, you know, financial
25 losses, year in, year out, I couldn't tell you how many

1 years, but if they were consecutive, you know, that
2 would probably mean that the onion industry here in
3 South Texas could be gone.

4 Q. Thank you.

5 Earlier in your testimony, you mentioned
6 that the industry was pursuing mechanical harvesting,
7 and you just mentioned that as well, and said that to
8 address labor shortages and improve efficiency, and that
9 the Texas A&M Agrilife is conducting multiyear trials to
10 evaluate harvester designs, durability and field
11 configurations for mechanization.

12 Can you elaborate more on this project for
13 mechanical harvesting and how it would be a benefit to
14 the industry if contribution authority were to be
15 approved?

16 A. Hang on. Just give me a second. Okay. I'm
17 back.

18 So how would mechanical harvesting benefit
19 the industry. So, you know, we are trying to
20 mechanically harvest -- you know, there are many
21 mechanically harvested vegetables, and there are
22 mechanically harvested onions. They tend to be what we
23 call winter or storage onions that are grown in other
24 parts of the country.

25 Their physiology is different than the

1 onions that we grow here in South Texas, so they're able
2 to mechanically harvest their onions. There's also
3 environmental reasons that they're able to harvest their
4 onions mechanically.

5 So because of the labor issues that we
6 face quite severely here over the last, what, ten years,
7 but certainly over the last five years where really
8 there was times that it was difficult to get a labor
9 crew to harvest your onions. You know, people were
10 basically looking, what's the alternative to harvesting
11 onions.

12 So we did know that it was not going to be
13 an easy road to just turn a mechanical harvest that is
14 used to harvesting onions in northwestern United States,
15 such as Oregon, Washington State and Idaho and just come
16 down here and start harvesting. It's not going to be
17 that simple. Our onions are a little different. Their
18 moisture content is much higher. They're basically
19 going from a cool timeframe that would be grown in a
20 wintertime to be harvested in the springtime which is
21 warmer temperatures, all this changes the physiology of
22 the onion, therefore making it more difficult to
23 mechanically harvest the onion.

24 So there was a lot of information that
25 needed to be gathered to determine the feasibility,

1 their varieties and cultural things that could be done
2 to make that a reality.

3 Q. And if contribution authority were to be
4 approved, how would it benefit the industry in regards
5 to projects such as mechanical harvesting?

6 A. As I mentioned, you know, the budget is really
7 small. You know, the assessment rates in the past have
8 basically been two cents to eight and a half cents. I
9 would say it'd average around five cents, so if you took
10 those five cents on five million bags, that's \$250,000.

11 So you could see that the budget -- that
12 budget has to pay for administrative fees, the
13 compliance program, any little research, so you can
14 pretty much say there is not much there.

15 And I know that, you know, there could be
16 interest from, whether it's a box company or the
17 mechanical companies or -- you know, different acts of
18 support. As I mentioned, seven to eight people are
19 living off that one farmer, in terms of their job. You
20 know, there's a -- I think it would be great support to
21 help find solutions, and because the Onion committee, at
22 this time, cannot accept those funds, it is really
23 hindering those activities.

24 Q. Thank you.

25 So to clarify, is it your understanding

1 that the amendment to add contribution authority would
2 provide access to outside funds, such as the specialty
3 block -- specialty program block grant and other funds
4 available, that would help to further the research in
5 development projects such as mechanical harvesting?

6 A. Yes, and to include private companies.

7 Q. Dr. Anciso, based on your experience as a
8 professor of horticulture that specializes in plant
9 pathology, are there other types of projects that might
10 be more effective for the South Texas onion industry if
11 contribution authority were approved?

12 A. Well, again, most of the time we're putting out
13 fires, you know, we're not -- everything is fine, not
14 much is going on, but, you know, you get hit with new
15 bugs. I want to say there's a new bug in onions now.
16 You know, I don't know if it's true or not. You know,
17 we're constantly having to put out fires.

18 Do we have a grant for that particular
19 scenario? No, we don't. So we have to make do with
20 what we have, but if you have an opportunity to have
21 those funds, in those cases, those fires can hopefully
22 be extinguished much sooner.

23 Q. Okay. Thank you.

24 Are there any additional projects that may
25 not have been mentioned today or research that you're

1 aware of that might be beneficial to the industry that
2 we need to know about?

3 A. Well, you know, I've always been an extension
4 person, which means I've helped in education and
5 research, doing applied research projects to get
6 information to the growers, but really and truly, you
7 know, we -- we have an avenue, and that's the -- the
8 USDA grants, and, you know, many other grants that are
9 available out there to pursue and try to address many of
10 the issues or concerns for the industry.

11 But certainly, you know, visiting, you
12 know, with friends, you know, they almost -- pretty much
13 tell me, what happened to the Texas 1015 onion? You
14 know, I hear that a lot. So, you know, I think we have
15 certainly lost the recognition or awareness of the 1015.
16 The variety exists, but it has not been grounded, there
17 is no marketing campaign on the 1015 onion to at least
18 bring attention that is being -- that it's an onion from
19 Texas and that awareness.

20 And so, you know, I would say that, you
21 know, marketing is super critical and -- and again, the
22 committee would -- those funds would be dispersed and
23 what would be of importance, but I think that one -- one
24 of the ones that, kind of, you know, is always low on
25 the vote in terms of funding is marketing.

1 So, I mean, that would be my two cents. I
2 mean, I know as researchers, you know, we always talk
3 about how much money we can get and -- but, you know,
4 I've always been the kind of educator that, you know,
5 when growers are profitable, I'm going to be just fine.

6 So pest problems, disease problems, how
7 they market their onions, sell their onions -- again,
8 when we talk about marketing, we're not talking about
9 selling these onions, you know, at the going rate of --
10 we'll say, storage onions from Washington State. You
11 know, they want to get that premium. We want to get
12 that extra money because it's, you know, it's a
13 recognized product. The consumer may think it's a
14 better product.

15 So I think from that standpoint, you know,
16 we're trying to get the biggest bang for our buck and I
17 think the biggest bang for our buck would be avenues of
18 marketing. Obviously, when there's research needs, that
19 will be a big bang for their buck there.

20 Q. Okay. So it's your perspective that a
21 contribution authority would provide additional funding
22 for the marketing of South Texas onions to help improve
23 grower returns; is that correct?

24 A. That is correct.

25 Q. How would the addition, if you could just

1 elaborate, how would the addition under proposal number
2 two to include marketing promotions and paid
3 advertisements address these issues specifically?

4 You mentioned they're asking where has
5 Texas 1015 gone. How would it improve their visibility
6 in the marketplace and affect consumer awareness and
7 consumer demand?

8 A. To help. Promotion and paid advertising leads
9 to returns. I'm not a marketing person, but that is our
10 hope. I think that if you pull that name away, you pull
11 any kind of resources, you know, people forget about it
12 and that's one thing that I always tell, you know, many
13 of the folks I work with, sometimes people need gentle
14 reminders.

15 It's like going to the dentist. I mean,
16 we go to the dentist to get our teeth cleaned on a
17 regular basis so I think on a regular basis, you gotta
18 keep that on the front burner of people's minds because
19 otherwise they do forget.

20 Q. And from your perspective, why are current
21 marketing efforts such as perhaps unpaid marketing
22 efforts, like social media posts, not as effective as it
23 would be with paid advertising?

24 A. Well, again, I'm not a marketing person. I
25 think all that -- I think that the key thing here is

1 there's not enough funding for advertising and getting
2 the word out. How do you do that? I'll let the
3 marketing people figure that out.

4 Again, it will come through a vote through
5 the committee, you know, having multiple people putting
6 their minds together to figure out the best way, you
7 know, so -- you know, I couldn't answer that question
8 specifically. I would just want whatever promotion's
9 being done that gives us the biggest bang for our buck.

10 Q. Thank you.

11 And turning to proposal number four, a
12 public member. You briefly mentioned that in your
13 testimony that you think the addition of a public member
14 would bring new ideas to the community. Excuse me.

15 If the public seat could be held by an
16 individual such as yourself with an academic research
17 background, what value would that bring to the
18 committee?

19 A. Well, the value would be, whether it's an
20 educator -- a university educator, university researcher
21 or seed company or package company, I think that -- that
22 the perspective of the committee should be
23 representative of more than just growers and handlers.

24 Like I said, there are all these other,
25 you know, seven to eight ag support folks that we

1 dearly -- you know, our job is supported by that. You
2 know, so we have a vested interest to engage and
3 communicate ideas, concerns, anything that I think
4 benefits the onion industry.

5 Q. And is it your understanding that the public
6 member would essentially help to connect the industry's
7 decision-making to the broader community with the
8 addition of these newer ideas?

9 A. I mean, that is, again, our hope. That's how,
10 you know, it would work. I think that, you know -- you
11 know, being involved and having multiple committees --
12 I've always found that committees work when you have
13 diversity of different folks.

14 You might think that two people might be
15 opposed to particular issues or concerns, but in the
16 end, they end up having a way to address it and they
17 address it from different angles.

18 So I think it is hugely beneficial to have
19 outside eyes or outside ears or an outside perspective
20 on the committee.

21 Q. And how do you expect the amendment would
22 affect your participation on the committee, if approved?

23 A. Well, I don't know that. I mean, like I said,
24 I have participated over the course of 35 years on and
25 off in various capacity so I don't think it would change

1 that very much.

2 Q. Okay. And do you -- I'm sorry.

3 I just want to get clear on the record,
4 you do support proposal number one, which is to lower
5 the threshold from two-thirds to a simple majority; is
6 that correct?

7 A. Yes, by people only, not for acreage.

8 Q. Do you believe these proposals reflect the
9 current needs of the industry?

10 A. Yes. So these -- you know, these proposals
11 didn't come up out of the air. You know, we discussed
12 them in the committees. We've discussed them, and, you
13 know, those are -- these are issues that have, you know,
14 are burning in our minds so I think that it does
15 represent the industry.

16 Q. And is there anything else that you would like
17 to share with us about the proposals and how they may
18 affect the industry today?

19 A. Well, I hope that the changes are made. They
20 do, in fact, help the industry move forward and we
21 continue with the South Texas onion industry, a South
22 Texas Onion Committee because it'd surely be a shame for
23 it to go away.

24 I'm probably at the end of my retirement
25 side of things so, you know, I certainly would want this

1 industry that has really been near and dear to me in
2 many ways to continue long after me.

3 MS. EANKEY: Thank you, Your Honor. I
4 have no further questions.

5 ARBITRATOR CARLOS: Okay. Next.

6 MS. McMURTREY: I don't have any
7 questions.

8 MS. CHILUKURI: Rupa Chilukuri.

9 CROSS-EXAMINATION

10 BY MS. CHILUKURI:

11 Q. Hi, Dr. Anciso.

12 A. Hello.

13 Q. In your testimony, it says that you're an
14 educational member of the South Texas Onion Committee.

15 Can you speak to what that means? I'm
16 just trying to understand your affiliation.

17 A. Can you repeat that question, please.

18 Q. Okay. Can you hear me a little bit better now?

19 A. Better.

20 Q. Okay.

21 So looking at Exhibit 17, which is your
22 written testimony. It says your name and then it says
23 educational member, South Texas Onion Committee.

24 So I'm just trying to clarify what your
25 affiliation is, if you're speaking for yourself or are

1 you saying you're acting in an advisory capacity.

2 A. I would say -- I would say both. I'm speaking
3 for myself. I'm not necessarily sure this is the views
4 and thoughts of Texas A&M Agrilife extension service,
5 but as an educator I represent Texas A&M Agrilife
6 extension service. So I would say I'm representing both
7 in both capacities.

8 Q. Okay. And you currently are not a member on
9 the committee; is that correct?

10 A. That's correct.

11 Q. Okay. And do you think with your experience --
12 Ms. Eankey asked you this in some ways, but do you think
13 with your experience, with your background, do you think
14 you or someone like you could be a useful public member
15 if the authority were to go into effect?

16 A. Yes.

17 Q. And can you go into a little bit about why that
18 would be the case?

19 A. I thought I had, but I would say again
20 different perspective on the committee can give
21 different ideas, you know, different eyes and ears and,
22 you know, I think working with the committee in my 35
23 years and extension, I've always found that the person
24 you least think of, you know, for whatever is not a
25 hundred percent on board, is the person where a lot of

1 the ideas flow from. I don't want to go into examples
2 because it wouldn't really pertain to today's hearing,
3 but I've seen it time and time again.

4 Q. Okay. Did you participate in the last
5 continuance referendum?

6 A. Did I participate? No.

7 Q. As in, did you vote? Were you a voting member
8 at the time?

9 A. No, I did not vote.

10 Q. Okay.

11 A. I did not vote.

12 Q. Did you participate in the one that was prior
13 to that?

14 A. No, I did not participate in any of them. I
15 was not a grower at the time. I did not get a ballot.

16 Q. Okay. Understood. Okay.

17 You have expressed your opinion that you
18 think continuance referendum should be measured by
19 numbers only.

20 A. Yes.

21 Q. And can you explain why you think that should
22 be the case and why, for instance, it should be one or
23 the other?

24 A. Yes. Yes. I will explain that again.

25 So back in the early 1990s when I was on

1 the committee, for sure, you know, there was two
2 operations and they had 60, 70 percent of the acres.
3 Whatever happened, it was their decision. Nothing --
4 they controlled everything. They controlled all
5 decisions. Two people control decisions, the rest of
6 the members or the onion growers had no say. So they
7 would never -- there was nothing.

8 So it was basically a control by acreage.
9 So to me, sitting in there, I have seen how that is a
10 negative way of doing business.

11 Q. And when you say there was a control by
12 acreage, are you talking about committee business, so
13 how referendums and how the community makes internal
14 decisions? Are you talking about -- are you talking
15 about that are you talking about how the continuance
16 referendum works, as in, do we want to continue this
17 marketing order?

18 A. I know at the time things were voted upon. I
19 cannot tell you if it was continuing referendum or what
20 it was, but I did observe where -- in that situation --
21 again, so the fact that the onion committee almost, you
22 know, did not exist, just not too long ago, that
23 happened in the 1990s as well, okay?

24 But that was basically overruled by two
25 people voting. So that is a historical thing. So

1 again, it still goes back to that time, and whether many
2 of the growers today had their dads on the committee or
3 has sat next to their dads. I remember sitting next to
4 the small growers and they definitely disliked that.

5 Q. And are you aware of other ways in which the
6 marketing order can be terminated, that there are other
7 provisions by which it could be terminated, not just
8 through the continuance referendum provision?

9 A. I'm not aware of any other way.

10 Q. Okay. Thank you very much.

11 CROSS-EXAMINATION

12 BY MS. FUHRMEISTER

13 Q. Hello.

14 MS. FUHRMEISTER: Delaney Fuhrmeister for
15 the record.

16 Q. So I guess following that question, can you
17 explain to us how you believe the continuance referendum
18 currently works?

19 A. Yes. I know that there is a vote by the
20 growers and it takes two-thirds to make a change to that
21 referendum.

22 Q. Do you know if that is by the volume or by the
23 number of growers or both?

24 A. By both. By both is my understanding. One can
25 trump the acreage, could trump the growers.

1 Q. And when were you a grower for South Texas
2 onions?

3 A. Hang on. Let me -- from 2012 to 2015.

4 Q. And is that also when you sat as an alternate
5 member?

6 A. I believe so.

7 Q. And then during that period, were you aware of
8 any sort of conversation to add paid advertising to the
9 order?

10 A. Can you repeat that question? I didn't quite
11 understand it.

12 Q. During the time that you were an alternate
13 member on the committee, were you aware of any
14 discussion to add paid advertising to the order?

15 A. No.

16 Q. Okay.

17 A. No.

18 Q. And then, again, during that time, can you
19 explain a little bit further, how you were saying the
20 two handlers that were larger were trying to keep the
21 committee while everyone else was trying to terminate
22 it, how you were explaining earlier where it almost went
23 away.

24 A. Well, I mean -- I'm sure there's minutes or
25 something somewhere tucked away in a file at USDA that

1 would have that, but I can pretty much tell you someone
2 on the committee came through the doors of the hotel and
3 basically told everyone on the committee that that
4 wasn't going to fly because he had most of the acreage.
5 So that's the take-home message, that particular
6 individual no longer exists.

7 Q. Okay. And I would like to move to grant
8 funding.

9 A. Yes.

10 Q. Are you aware of any monies that could come
11 from anywhere else, such as the State Department of Ag
12 or the university system that can be used for emergency
13 research of disease, like the yellow spot you were
14 talking about?

15 A. There's never an emergency use fund. You have
16 to apply, they're competitive. So no, there is never no
17 emergency use funds.

18 Occasionally, USDA -- I'll use citrus
19 green, for example. They will step in and say, okay, we
20 have this newborn pest. Can you do educational events?
21 Can you do research? So they -- they do, I'd say, pass
22 out the money at that point in time, but it takes
23 something like a big event, like a citrus greening for
24 that to occur.

25 Q. Okay. Thank you.

1 MS. FUHRMEISTER: I have no further
2 questions, Your Honor.

3 ARBITRATOR CARLOS: Okay.

4 MR. McFETRIDGE: Marc McFetridge, USDA.

5 CROSS-EXAMINATION

6 BY MR. McFETRIDGE:

7 Q. Dr. Anciso.

8 A. Anciso.

9 Q. Anciso. Thank you for your testimony again
10 today.

11 Earlier today Mr. Cargill had testified
12 that based on his cost of production average it was
13 roughly \$8 per a 50-pound bad.

14 Would you agree with that number or do you
15 think that number is too high, too low, and if you don't
16 agree with that number, could you give your estimate?

17 A. I agree with that number. The only thing I
18 disagree with is that -- that's if everything works out
19 perfectly, good yield, good everything. If the yield is
20 not there, it's not \$8, it's more than that.

21 Q. Thank you. And based on whether you understand
22 the proposed amendments, do you feel that, if approved,
23 these proposed amendments could help to increase grower
24 returns?

25 A. I do believe that. I mean, we're looking for

1 opportunities to do that, and if we just said -- I
2 believe, you know, we're going to keep sliding down that
3 hill.

4 Q. All right. Thank you.

5 And lastly, I was just going to ask you --
6 your background there, are those grapes because those
7 aren't onions?

8 A. Yes, those are grapes. I work on grapes too.
9 I should've put an onion picture.

10 Q. All right. Thank you very much.

11 MR. McFETRIDGE: No further questions,
12 Your Honor.

13 MR. HARMON: Kerry Harmon, USDA.

14 CROSS-EXAMINATION

15 BY MR. HARMON:

16 Q. Dr. Anciso, quick question.

17 You mentioned not growing. If implemented
18 earlier, would any of these amendments have impacted
19 your decision or any other growers decision to grow now
20 or in the future?

21 A. Well, I would love to grow in the future and I
22 plan to grow -- plant and grow onions in the future,
23 but, you know, there it is -- being a small guy, I kind
24 of operate on direct cost, not lump money. So I kind of
25 have to build up my savings, but once I do -- I mean,

1 I've always had an interest in growing onions.

2 The reason I am not currently growing
3 onions is because the last year, it rained. I lost
4 money, but like I tell everyone, I'm still up. I'm not
5 up by very much, but I'm still up with my endeavor to
6 grow onions, but that last year, because of those rains
7 in April, you know, pretty much put a -- put a big
8 damper, in my opinion, of how to approach onions, but
9 I'd still love to grow onions again.

10 I'm not going to say that because of -- if
11 these four things get done that I'm going to grow
12 onions. I mean, I just would say that those are my
13 intentions and that only time will tell.

14 Q. So although you may not -- it may not be your
15 intention to grow onions in the future, would these
16 amendments impact other growers in their ability or
17 their decision to grow onions?

18 A. Well, I think it would impact the growers
19 currently growing onions and trying to -- you know, you
20 want to continue the South Texas marketing order in
21 moving things along, increasing the current, you know,
22 marketing strategy or promotion and paid advertising
23 ability to, you know, bring in some -- some of this
24 outside voluntary contributions, you know, increasing
25 just the community to, you know, increasing it by one

1 more seat to include a public member, I think all that
2 will impact the current guys, the current onion growers.

3 So I would say, again, it's still -- it's
4 the -- it's basically the rule of economics, and the
5 rule of economics is, if you can't be making money at it
6 over time, it's going to be out of the picture. So I
7 think economically, we're trying to find solutions that
8 hopefully increases that economic situation.

9 Q. Thank you, Doctor.

10 MR. HARMON: No further questions.

11 ARBITRATOR CARLOS: Okay. Anything
12 further?

13 MS. EANKEY: I have one.

14 ARBITRATOR CARLOS: Okay. Ms. Eankey?

15 RE CROSS-EXAMINATION

16 BY MS. EANKEY:

17 Q. Hi, Dr. Anciso. This is Christy Eankey again.
18 I just have one clarification question in regards to
19 proposal number one.

20 In the committee's justification, they
21 indicated that they considered alternatives to reducing
22 the threshold. They stated that various options were
23 considered, whether the threshold should be 50 plus one
24 or whether it should be by volume only, but ultimately
25 in the motions made unanimously in 2024, that this

1 proposal would be greater than 50 percent. So instead
2 of going from two-thirds, that they would be moving to a
3 simple majority greater than 50 percent.

4 Were you involved in these discussions in
5 August of 2024? Were you a member of the committee?

6 A. I don't remember being a member of the
7 committee at that time, but I remember being in those
8 discussions.

9 Q. And do you recall that they decided to move
10 forward with reducing the threshold from two-thirds to
11 greater than 50 percent, a simple majority as it
12 currently is -- as it currently stands?

13 A. Oh. It currently stands that way? It is
14 currently under the bylaws so then why are we discussing
15 it as a proposal one?

16 Q. No, they're reducing it. But the process at
17 which the continuance referendum is conducted, the
18 amendment is to change it from two-thirds to greater
19 than 50 percent, a simple majority.

20 A. So what happened in 2024? Didn't you just say
21 it was reduced in 2024?

22 Q. No. I'm sorry. I think you misunderstood.

23 It's not that it was reduced in 2024. The
24 committee had a meeting in 2024 where they discussed
25 alternatives to the reduction of the continuance

1 referendum threshold.

2 A. Oh.

3 Q. And at that time, ultimately, voted on reducing
4 that threshold from two-thirds to a simple majority
5 greater than 50 percent. And that is proposal number
6 one.

7 Are you in agreement with that proposal?
8 Do you support that proposal?

9 A. I support that proposal, yes.

10 Q. Thank you.

11 MS. EANKEY: No further questions.

12 ARBITRATOR CARLOS: Dr. Anciso, thank you
13 very much for your testimony. We appreciate your time.

14 DR. ANCISO: Thank you for your time.

15 ARBITRATOR CARLOS: Yes. Thank you.

16 Okay. So administratively, I think we
17 have another witness lined up and ready to go.

18 What is your suggestion regarding the
19 timing? I'm ready and able to continue going, let this
20 witness go and then we can break for lunch or we can
21 break for lunch now.

22 MR. GALEAZZI: I'm of the opinion whatever
23 the majority is. You are right. We do have -- the next
24 speaker is online so we can -- we can --

25 ARBITRATOR CARLOS: That works. Okay.

1 Good. Let's go.

2 MS. FUHRMEISTER: Can we have a
3 five-minute break, Your Honor?

4 ARBITRATOR CARLOS: There's no such thing
5 as a five-minute break. We'll take a ten-minute break.

6 Doctor, hang in there. We'll be back in
7 ten minutes and we'll take your testimony.

8 We're off the record.

9 ARBITRATOR CARLOS: We're back on the
10 record.

11 Dr. Malla, is that you?

12 DR. MALLA: Yes.

13 ARBITRATOR CARLOS: Hi. So we're back on
14 the record. Raise your right hand.

15 DR. SUBAS MALLA,
16 having been first duly sworn, testified as follows:

17 TESTIMONY OF DR. SUBAS MALLA

18 ARBITRATOR CARLOS: Please state your full
19 name for the record and spell your last name.

20 DR. MALLA: I am Subas Malla. My last
21 name is spelled M-A-L-L-A.

22 ARBITRATOR CARLOS: Okay. And this is
23 going to be Exhibit 18, Dr. Mallas's testimony, correct?

24 MS. McMURTREY: That's correct.

25 ARBITRATOR CARLOS: And it's admitted into

1 evidence. Okay.

2 Dr. Malla, you may start your testimony.

3 DR. MALLA: Thank you.

4 I am a professor. I do research at
5 Uvalde, and at Uvalde, we do crop and animal science
6 research. I have been in vegetable research in
7 Uvalde -- small onion research. I have not served on
8 STOC committee or other ag groups.

9 As the industry, research and communities
10 continue to evolve rapidly, adding a public member to
11 STOC would bring valuable insights and perspectives.
12 The public member can offer guidance, feedback and
13 suggestions to help shape industry practices and ensure
14 grower relevance.

15 For the organization to grow and increase
16 its visibility, securing adequate funding is essential.
17 With onion acreage steadily declining, check-off
18 contributions are diminishing, putting core activities
19 at risk. To remain effective and sustainable, the
20 organization must proactively pursue grant opportunities
21 that support high priority initiatives and ensure
22 long-term impact.

23 To remain competitive in today's digital
24 landscape, information must be shared frequently and
25 made highly visible. Unfortunately, limited funding has

1 significantly hindered STOC's ability to effectively
2 communicate onion-related insights to consumers.

3 To bridge this gap and amplify outreach,
4 STOC should be granted the flexibility to use assessment
5 funds for strategic paid advertising. This investment
6 is essential to raise awareness, drive demand and ensure
7 long-term success of the onion industry.

8 To remain sustainable in today's
9 fast-paced industry, STOC members have been actively
10 expanding their network and initiatives -- efforts that
11 require significant time and engagement.

12 However, the current requirement of a
13 68(sic) percent approval rate for continuation
14 referendums no longer reflects evolving realities of the
15 organization. Updating this threshold to a simple
16 majority of 51 percent would align with democratic
17 principles, reduce unnecessary barriers and empower STOC
18 to adapt more efficiently to industry needs.

19 ARBITRATOR CARLOS: Thank you.

20 Oh. Hey, Doctor, I forgot to ask you if
21 you participated virtually yesterday. Were you in
22 attendance yesterday?

23 DR. MALLA: No, I did not.

24 ARBITRATOR CARLOS: Okay. Just today.
25 Thank you. Okay. Ms. Eankey?

1 MS. EANKEY: This is Christy Eankey.

2 CROSS-EXAMINATION

3 BY MS. EANKEY:

4 Q. Thank you, Mr. -- is it Subas?

5 A. Subas, uh-huh.

6 MR. GALEAZZI: Subas is his first name.

7 Q. Is your last name Malla?

8 A. Yes. Malla, yes.

9 Q. Malla. Thank you.

10 Dr. Malla, can you briefly describe your
11 area of expertise?

12 A. I do research based on -- breed research, and I
13 have conducted a breeding program in onion and also do
14 breeding in watermelon and I have a background in -- so
15 I have done some --

16 THE COURT REPORTER: Wait. Background in
17 what?

18 A. But mostly, I am vegetable breeding and onion
19 varieties.

20 ARBITRATOR CARLOS: Doctor, I'm going to
21 ask you to go back. The court reporter missed one thing
22 or something.

23 MS. CHILUKURI: Was it plantology?

24 THE COURT REPORTER: That's the word I
25 missed. Thank you.

1 Q. (By Ms. Eankey) And did you say vegetable
2 breeding; is that correct?

3 A. Yes, currently my role is vegetable breeding.

4 Q. Can you explain what is vegetable breeding?

5 A. So what we do is, we jump up and make crosses
6 and try to select to improve genetics, that individual
7 plant and develop -- utilize the genetics to develop a
8 new variety, and so we use existing germplasm -- or the
9 newly developed germplasm and make a cross and develop a
10 new set of population and develop -- from that
11 population, new variety so -- and also we do -- in the
12 breeding, we do look at platforms to be effective for
13 disease or insects, mechanical harvesting, and so we
14 look at those traits and improve on that and develop a
15 variety.

16 Q. Has there been any developments that you are
17 aware of in regards to different varieties of South
18 Texas onions?

19 A. Since I started in 2016, I am working on
20 developing a jumper, but I have not developed any
21 variety and I know that before the product of onion, in
22 the late 90s, there was a variety of 1015 and other
23 varieties and so that was very popular. Growers
24 utilized them.

25 And so those were -- all those new

1 variety, so those mean you make a cross, make a
2 selection and then the seed will be released and they'll
3 plant it.

4 Now, it's -- most of the varieties are
5 F1s, so it is hybrid and so you cross two patterns --
6 have developed offspring and citrus companies use F1 as
7 a -- so it's cheap. The landscape of the breeding
8 system has changed and so the cultivar nowadays is
9 hybrid, but you can order other varieties.

10 Q. Okay. Thank you.

11 And from your perspective, why would the
12 addition of contribution authority, which would give the
13 committee the access to outside funds, be beneficial to
14 the industry?

15 A. Since I joined, I am in close contact with the
16 STOC and for -- picking up understanding what are the
17 current rules -- opinions, customary practices in the
18 industry. So I have been interacting with them and --
19 with growers and producers, and we can keep -- we got
20 the funding from the TDA crop block grant for mechanical
21 harvesting.

22 And so we started work on the project, but
23 with COVID and other factors, we couldn't complete that
24 as we planned, and so we continue -- that proposal and
25 included other states and so we have now begun harvest

1 with multiple states, working on sweet onions --
2 targeting sweet onions.

3 I was working with growers and interacting
4 with them and -- with conflicts, and so they are looking
5 for the tactics to control -- because the current system
6 consists of management, the chemistry they are using --
7 well, it will not suppress the inside, and so I have put
8 in for TDA specific crop block grants and look at the
9 management practices on that.

10 And also, I was also involved in the
11 national crop grant -- STOC -- especially crop research
12 initiative grant from USDA, and so by looking at
13 diseases, and so especially looking at bacteria across
14 the different states, and I was involved a in survey
15 here in Texas trying to identify bacteria and the
16 severity of bacteria at this stage.

17 So we also -- and recently there was with
18 salmonella outbreak in onion, and so we research and so
19 we submitted a grant to CPS. CPS is produce safety --
20 to provide the grant for looking at foodborne diseases
21 and we submitted a grant to the salmonella and keep our
22 support with that because that is a major concern, and
23 so we do -- get report, look at those issues without
24 their support or their involvement. It would be very
25 hard to come and research so there would be issues

1 coming up. Those issues can be handled only with the
2 support and so with funding -- if we have funding to
3 support, we could do that.

4 We have to reach out to other institutions
5 to get the funding and work on that. So if we don't get
6 funding from, let's say, from USDA or CPS it will be
7 very hard to carry out those activities.

8 So with them -- having funding, STOC
9 having funding will help us a lot, and in the beginning
10 of harvest produce, they are supporting transportation
11 or -- with the machine, and they are supporting on that
12 because it will cost to -- to ship the machine for the
13 project, so we have to receive the harvester from Canada
14 to South Texas, and the price was very expensive so they
15 help us with those jobs.

16 And also, with the current projects, we
17 need some price consultants to move machine from one
18 place to other, and as an example, there's a machine in
19 the Rio Grande Valley, so we are thinking to move here
20 for onion harvesting and we need to -- we need --
21 harvesting, need to be able to do that, but they are
22 helping to cover that grant.

23 Those kind of things is what we need when
24 we are doing research, and also when they begin to
25 harvest, we are getting some involvement of machinery

1 companies, and so one of the company is looking at what
2 you get and the company start -- after harvest, you have
3 onion -- sweet onion is fresh market onion, so the tops
4 are green and the harvester will not be able to clip off
5 the top part.

6 And so for that, we have to have a grant.
7 We are fortunate right now that has to have a good
8 system and when it does come to that particular time to
9 get involved and they will finally agree to ship it and
10 they will get our onion.

11 And so we have -- we have to pay for the
12 time for that. So those are, you know, those kind of
13 funding to work on that, that'll help a lot and -- yeah,
14 so -- and while I was working previously with small
15 grants, so they have -- I was working in Virginia. So
16 they have small -- small grants and they would give them
17 money, and through that money, they'll give it to
18 research to use that variety to grow them and they will
19 get enough money and research funding so they --
20 something they would use.

21 ARBITRATOR CARLOS: Okay. Hold on. Let
22 me check one thing.

23 Are you getting all of this?

24 THE COURT REPORTER: I am trying my best.

25 Can he speak a little slower?

1 ARBITRATOR CARLOS: Yes.

2 So, Doctor, if you could just speak a
3 little slower. The court reporter is transcribing this.
4 So speak -- slow down a bit. That will be helpful for
5 us. Thank you.

6 Q. (By Ms. Eankey) Thank you, Dr. Malla, for that
7 testimony.

8 So to clarify, you're saying that you
9 support contribution authority because it would provide
10 the committee with access to outside funding that could
11 support the involvements and their involvement in grants
12 that could provide for additional research on varieties
13 and mechanical harvesting and a number of other projects
14 that you had mentioned that could be implemented in the
15 future and used by South Texas onion growers to benefit
16 their industry overall.

17 Is that your understanding?

18 A. That's correct.

19 Q. Okay. So I'm going to move to proposal number
20 four, which is a public member.

21 From your perspective, how could guidance,
22 feedback and suggestions from an allied public member
23 help shape industry practices to ensure broader
24 relevance?

25 A. We do research and we get answers, so those

1 things need to be -- to all growers and to committee
2 members, and so that would help a lot.

3 Let's say this is your crew, and the group
4 will get information related to the recent publication
5 from the recent findings from the research and provide
6 that information to them, and also if there is a
7 research member who has done health-related testing
8 related with onion, and those can be provided to the
9 committee and they can use that for marketing.

10 And so if -- let me give you an example of
11 disease in onion -- and so we did a survey in bacteria
12 present which can cause disease, but most of them were
13 not -- and so we don't have the disease that we see in
14 other states.

15 And so let's say once we have disease,
16 which is very severe, and we can see disease -- and so
17 again, from those kind of information, people can know
18 what those things are. So we need to utilize fungicide
19 to apply to those -- those diseases, and the fungicide
20 and chemicals.

21 Yeah, so those -- those will help guide
22 them and also guide in marketing and will provide inputs
23 from research, extension or other public people. So
24 besides their skills of -- they are growing and
25 market(sic), but besides that, we can provide some --

1 from different subjects in different areas.

2 Q. Okay. Thank you.

3 And in regards to proposal number one,
4 lowering the continuance referendum threshold, what
5 perspective are you offering in support of that proposed
6 amendment? How do you think that that would benefit the
7 industry?

8 A. I think, you know, when I go to -- visiting
9 farms, join with them, one thing that I notice is they
10 are very busy -- trying to contact them and trying to
11 get a date -- and it's very hard to get the dates. They
12 have production going on and normal business, and their
13 time is used for different purposes, right, and so, you
14 know, finding time for all the committee members to sit
15 together in a meeting -- would have difficulty.

16 So producing -- to measure it, I think
17 should be a better approach because you cannot find all
18 the people that you're looking -- and have a consensus
19 for the meeting because of that, 50 percent plus one --
20 or maybe higher should be looking to move forward
21 because you cannot find consensus of all people, dates
22 for all -- all those to have a meeting.

23 Q. Okay. Thank you.

24 And what perspective are you offering in
25 support of the proposed amendment to expand the

1 marketing promotion? How do you think this amendment
2 would benefit the industry?

3 A. So when I joined here as a -- in 2016, and 1015
4 is really popular variety, and so marketing information.
5 And when I was interacting with other people, I found
6 that Vidala sweet onion is more popular. More people --
7 1015 compared to Vidala onion. Vidala onion is sweet.

8 A lot of people know that, but the 1015 --
9 most people know 1015 -- with marketing and all that, it
10 would help people understand that this 1015 sweet onion
11 is coming from Texas and -- sweet onion and it has a
12 good quality and does have a lot -- if you could market
13 preferably so people can understand sweet onions comes
14 from Texas and is good just as much as the other onions.

15 Q. Thank you.

16 And do you believe these proposals reflect
17 the current needs of the industry today?

18 A. Yes.

19 Q. And is there anything else that you would like
20 to share with us about the proposals and how they may
21 affect the industry?

22 A. Yeah. I think -- yeah, I think having the
23 ability to interact with growers and have a marketing
24 order, and so make -- and maintain the quality, which is
25 very essential and having the voice from the grower and

1 provide that voice so that if needed for research or
2 extension or any activities, then they can provide that
3 voice, and so we can -- if needed, then as a researcher,
4 we can -- if we get funding, then we can work on those
5 kind of activities. That would be very essential to
6 have a voice or to -- to put input from growers and so
7 we could put together -- and solve the issue.

8 So Texas, some issues -- and we get
9 researchers from people and find solutions for that,
10 give information back, use the information for marketing
11 or product marketing, those things. I think being --
12 having a committee is very helpful and it interacts with
13 growers and being -- as a tech company, technical
14 community, it is very helpful.

15 Q. Thank you for your testimony.

16 MS. EANKEY: I have no further questions.

17 MS. McMURTREY: I don't have any
18 questions.

19 CROSS-EXAMINATION

20 BY MS. CHILUKURI:

21 Q. Dr. Malla, hi, this is Rupa Chilukuri.

22 I just have a few questions.

23 A. Okay.

24 Q. I show someone else on the screen, but that's
25 okay. I'll proceed anyway.

1 A. Yes. Go ahead.

2 Q. Okay. Thank you.

3 During your testimony, you had referred to
4 check-off contributions. By check-off contributions,
5 were you referring to assessment funds?

6 A. Yes. It is a term that we use of small grains,
7 corn and soybean and others so here the term is
8 assessment.

9 Q. Okay. Great. Thank you.

10 And I was just curious if there's been any
11 research on -- research that's being done, in progress,
12 considered for new varieties of Texas onions that may
13 have a longer shelf life or a longer season?

14 A. We have testing of that. When I started in
15 2016, there was research going on until 2005, and after
16 that, there was not much research going on from the --
17 and I'm not sure exactly what happened between -- in the
18 industry or extensive -- and, you know, people from --
19 can explain a little bit more, but I see the gap between
20 2005 and 2016 and so during this gap -- it was a long
21 gap, and there was no work on variety development and
22 enhancement. So it only takes two years to produce a
23 seed. So with two years of onion seed production, it
24 just takes a long time to do new varieties.

25 And so when I started, the seeds that I --

1 that we had were old and none of them -- has issue with
2 germination. So very low, very poor germination and so
3 we started testing and we are dividing -- and decreasing
4 that and not making selection of those numbers. So
5 because of that, it's taken a long time for us.

6 And also there was two years -- we lost
7 two years. One year is because of COVID and second
8 year, because of that winter freeze, and so it's going
9 to be two years we lost time. We are still working on
10 it, but we are not on that stage right now.

11 With seed companies -- and so what we do
12 is get seed from seed companies and we test those seeds
13 and look at their performance and provide the
14 information to the growers at South Texas Committee.

15 So one example is, mechanical harvest, we
16 are operating with seed companies, and so when we do
17 this, we ask seed company to send us germplasm what they
18 think is useful for mechanical harvesting, and so they
19 send us five varieties best for us here in Texas.

20 So we collect all those and then we
21 evaluate them and so based on that, we assess them to --
22 the productivity, so we can look at them and see if
23 we're able to use -- but we do provide that information
24 to growers and consumers.

25 Q. Thank you very much.

1 MS. FUHRMEISTER: Delaney Fuhrmeister for
2 the USDA.

3 CROSS-EXAMINATION

4 BY MS. FUHRMEISTER:

5 Q. Mr. Malla, I have a few questions.

6 I think you made a statement at some point
7 saying that STOC funding would help your extension
8 office.

9 Would your office directly benefit from
10 the committee getting the ability to accept
11 contributions for just continuing -- to exist, in
12 general?

13 A. So what we did is -- they got the grant and
14 they did a specific crop block grant and we partnered
15 with them and utilized that for -- for looking at the
16 mechanical harvesting.

17 So the first -- I think it's 2019, we got
18 the grant and we tried to look at mechanical harvesting,
19 and so they -- they were involved in putting the grant
20 and so we -- we supported that and they were involved
21 because those were the issues that they are interested
22 in solving.

23 And so we -- we have the results that we
24 provided inputs, conducted research, but we're
25 interested in working on that and solve the issue --

1 their issue. So those grants would be helpful, and
2 so -- we don't use their assessment fund, but we do get
3 a grant from PDA, and they were interested in putting
4 different -- shipping and harvesting.

5 And so I think they provided the funding
6 for -- from Canada to Rio Grande Valley and so to get
7 the harvest -- because the harvesting machine comes from
8 Canada, they will provide the machine, but they are
9 going to provide high charges and so the charges -- we
10 have to -- we had to foot that so it was costly.

11 So I think -- I assume that it was \$20,000
12 or something like that, and so we are hoping to -- one
13 way, they charge \$25,000, and after the service, we need
14 to return, so it's 25 times two, it's \$50,000. So
15 that's the cost that's involved just to bring the
16 machine so if they have money to provide, and then -- so
17 if they have the money to do that, they could pay --
18 they might have other issues. They can use that money
19 for some other things. I was involved in it and that
20 was the cost.

21 Q. Okay. So for clarification, like specifically
22 for mechanical harvesting, the funding for -- the
23 \$50,000, I believe you were saying, comes from a
24 multitude of different areas.

25 A. I think STOC -- STOC was -- they said they will

1 provide that funding, and so I think that's -- STOC
2 might be able to tell you more, but that is my
3 understanding.

4 Q. Okay. Thank you.

5 And then do you believe that the research
6 that you are conducting has had a positive impact on the
7 industry and has increased grower returns?

8 A. We have been collecting research, and so we are
9 providing that information. Right now, we have some
10 limitations, and so when we start mechanical harvest, we
11 ask machinery companies, machine -- harvester, there
12 were three companies who support this project and said
13 that they will provide machines, but as we started this
14 research, they were not able to provide those machines.

15 And we did reach out to companies and one
16 company changed ownership and so they were not able to
17 send the machine, and other -- some -- they were more
18 interested to build their own machine and so they were
19 not able to build a machine to send us, and the other
20 company -- testing machine and there's only one machine
21 that we can try and was interested in harvesting. When
22 getting to the season -- when we need to do testing, we
23 didn't have access to that machine.

24 And those are limitations that we have,
25 and so if we can get the machine and get -- get more of

1 the machine and use that machine for research, then we
2 will get more output and provide that information to
3 growers. So we have limited data. Until now, to
4 collect the -- after collecting the systems, we have
5 limited data. We provided that data to growers, and we
6 are still in this process.

7 This is the second year and so now we have
8 more better situation. So two of the machines that we
9 have currently -- funding, we're supposed to have two
10 machines and in Texas, one goes to Rio Grande Valley and
11 the other will be coming to Uvalde, and would have --
12 once we have machine, and we have both research and
13 output, growers are using -- so in the last -- this last
14 year, so when they are harvesting with the machine -- a
15 grower who was harvesting with the machine, he had some
16 issue with harvest because when he was harvesting with
17 the machine, he wasn't able to get it right, and so
18 there was more damage and Texas A&M was there and helped
19 him better make adjustments on the machine and so he was
20 able to get that harvesting and less damage on his
21 crops.

22 So I believe -- I do believe that with
23 more output, the program will improve -- how to improve
24 the grower to tell -- the survey to know exactly what
25 are their acreage, but I think with more results, more

1 results will help them grow and increase their
2 production.

3 Q. Thank you.

4 And my last question, when you release
5 this information that you're doing for the research, do
6 you release it to the public or is it specifically for
7 the South Texas onion growers in regards to mechanical
8 harvesting?

9 A. You have mechanical harvesting -- so right now
10 we are in test stages and so we have advisory committee
11 and South Texas Onion Committee, and so we provide that
12 information to them and also we provide the information
13 to -- National Association and Vidalia onion -- sweet
14 onion. So we provide that information to the government
15 and committee programs and also the seed companies and
16 advisory committees so they can disseminate that
17 information to their members.

18 And so we are -- we don't have the
19 conclusive result yet because we are in testing phase
20 and so we don't want to provide initial data and
21 inconclusive data yet, and so we don't want to provide
22 those information, but we provide the research results
23 to committee members.

24 Also, we present our findings. We present
25 our findings at National Onion Association meeting and

1 so it will be open to all members, and so we provide
2 results and so we can -- they can obtain that and show
3 the grower those results.

4 So we are working on putting that data --
5 putting on websites and offering particular programs, I
6 can put information in my program website. Similarly,
7 we are working on trying to -- harvest onions.

8 Q. Okay. And then you're saying because that
9 information is going to STOC, Vidalia sweet onions and
10 seed companies, and since you're also presenting at the
11 NOA --

12 A. The National Onion Association.

13 Q. Right. So others, like Walla Walla would also
14 possibly be there and get that information.

15 Is STOC the only one that is contributing
16 to this research at the moment?

17 A. So mechanical harvesting -- so initially, we
18 started with the Texas region, and so when we started
19 this research, we started with the Texas -- with
20 funding -- sorry. Can you still hear me?

21 Q. We can hear you, yes.

22 A. Okay. Something came up on my screen.

23 First of all, we started this in Texas and
24 we gathered the data from Texas and we reached out to
25 other states, whether they are interested on that, and

1 so we have voices in the current national project from
2 USDA -- project and Georgia, Texas, New Mexico and
3 California, so these are all sweet onions producers and
4 so we are contributing that research.

5 And so there are people who are present
6 and listen to the findings -- will be put in the last
7 meeting and there was a grower from Hawaii and he was
8 interested in mechanical harvesting because the labor
9 cost is very high in Hawaii, and so he was interested in
10 mechanical. He sat in that meeting and try to learn
11 what research -- he was there for the discussion.

12 So we're talking about the grower or any
13 member can come in and be there and gather the
14 information and -- and get that information.

15 Q. Okay. Thank you. I have no further questions.

16 ARBITRATOR CARLOS: Okay. Doctor, thank
17 you very much for your testimony and we appreciate your
18 time and your energy exerted. It's been a pleasure.
19 Thank you.

20 DR. MALLA: Thank you.

21 ARBITRATOR CARLOS: Okay. I think the
22 plan is we're going to break for lunch, correct?

23 MS. CHILUKURI: Yes.

24 ARBITRATOR CARLOS: Okay. We are off the
25 record. Thank you.

1 ARBITRATOR CARLOS: We are on the record.
2 The time is 2:30. This is a continuation of the South
3 Texas onion marketing order hearing.

4 I think we're going to hear from
5 Mr. Galeazzi.

6 MR. GALEAZZI: Thank you, Your Honor.

7 ARBITRATOR CARLOS: Okay.

8 MS. McMURTREY: Michelle McMurtrey.

9 (Dante Galeazzi previously sworn.)

10 CROSS-EXAMINATION

11 BY MS. McMURTREY:

12 Q. Mr. Galeazzi, I know yesterday we discussed the
13 justifications -- providing copies of the justification
14 exhibits as well as minutes for meetings.

15 Did you want to have those marked as
16 exhibits now or should we do that -- do you want to do
17 that, like, after we clarify a few things?

18 A. I believe it will make more sense to go ahead
19 and submit all of those for exhibits now since they'll
20 most likely be documents referred to during this
21 conversation.

22 Q. Okay.

23 A. Do I need to make a motion to do that? I'm not
24 familiar with the formality of this process.

25 MS. CHILUKURI: Well, in terms of passing

1 it out to us.

2 MS. FUHRMERSTER: I do want to start from
3 June --

4 MR. GALEAZZI: Tell you what. How about
5 we -- can you -- I apologize.

6 I'll hand them one each and I'll read them
7 off. That might be easiest.

8 ARBITRATOR CARLOS: How many do we have?

9 MR. GALEAZZI: There's going to be about
10 ten that we are going to introduce.

11 ARBITRATOR CARLOS: All right. We're
12 starting at Exhibit 19.

13 And what exactly are these exhibits?

14 MR. GALEAZZI: Right. So I believe -- and
15 I apologize. I'm kind of partly eyeing it from here,
16 but it appears that we will have five exhibits which
17 will be minutes. Four exhibits will be the
18 justification documents that were prepared by the
19 committee and submitted to the USDA.

20 And, then finally, there is one document
21 which I believe is a side-by-side comparison of the
22 proposal language and existing language.

23 Okay. If we are ready --

24 MS. McMURTREY: Yes.

25 ARBITRATOR CARLOS: I don't have a copy.

1 I'd like to follow along.

2 MR. GALEAZZI: No problem.

3 Your Honor, to confirm, I am beginning
4 with the document beginning Exhibit 19 or Exhibit 20?

5 ARBITRATOR CARLOS: Exhibit 19.

6 MR. GALEAZZI: Got it.

7 ARBITRATOR CARLOS: That would be the June
8 8th, 2023?

9 MR. GALEAZZI: Yes, sir.

10 For the record, Exhibit 19 will be the
11 South Texas Onion Committee budget and nominations
12 minutes from June 8th, 2023, as Exhibit 19.

13 ARBITRATOR CARLOS: Okay. And so the
14 budget and nomination minutes is from June 8th, '23 --
15 there is one from June 18th, '24, that's the next one.
16 That will be Exhibit 20.

17 MR. GALEAZZI: Okay.

18 ARBITRATOR CARLOS: These both, are you
19 familiar with these documents?

20 MR. GALEAZZI: Yes, sir, I am. These
21 documents are being submitted as -- I'm sorry. They
22 hold comments from the committee in which we discussed
23 at length different parts of the justifications or the
24 language or the motivations in which the committee
25 prepared these remarks we're discussing today.

1 ARBITRATOR CARLOS: Okay. Are these in
2 the regular course of business of the South Texas Onion
3 Committee?

4 MR. GALEAZZI: Yes, sir, they are.

5 ARBITRATOR CARLOS: Okay. And are they an
6 accurate representation of what took place back on
7 June 8th, '23, and June 18th, 2024?

8 MR. GALEAZZI: Yes, sir, they are.

9 ARBITRATOR CARLOS: Okay. They are
10 admitted. Both Exhibit 19 and 20 are admitted.

11 MR. GALEAZZI: I would also like to
12 further clarify that as an action of STOC, the
13 committee, we are sure to send these minutes to all of
14 the members of the industry, not just those in the
15 community. So every producer and handler for whom we
16 have contact information received a copy of these
17 minutes if they were in the registry at that time.

18 ARBITRATOR CARLOS: Okay.

19 MR. GALEAZZI: I would also like to move
20 forward and mark the South Texas Onion Committee
21 nominations marketing subcommittee minutes on
22 August 19th, 2024, as Exhibit 21.

23 ARBITRATOR CARLOS: All right. Same
24 questions.

25 This is from the regular course of

1 business of the South Texas Onion Community, correct?

2 MR. GALEAZZI: Yes, sir, that is correct.

3 ARBITRATOR CARLOS: And were you there for
4 that too?

5 MR. GALEAZZI: Yes, sir, I was.

6 ARBITRATOR CARLOS: Okay.

7 MR. GALEAZZI: Let me confirm. I'm sorry.
8 I was not there.

9 ARBITRATOR CARLOS: Okay.

10 MR. GALEAZZI: Because I am not part of
11 that subcommittee. That's right. So I was not at the
12 August 19th, 2024, subcommittee.

13 ARBITRATOR CARLOS: But you verify that
14 these were made in the regular course of the South Texas
15 Onion Committee's business, correct?

16 MR. GALEAZZI: Yes, sir, I can.

17 ARBITRATOR CARLOS: And they were -- I
18 mean, they were produced at that time as a result of
19 that subcommittee meeting, correct?

20 MR. GALEAZZI: Yes, sir. And I can also
21 further confirm that these -- that this document was
22 shared with the industry and the committee as well
23 following its -- its final approval.

24 ARBITRATOR CARLOS: Okay. Good.

25 Okay. Let's move to the next one.

1 MR. GALEAZZI: Number 22 will be the South
2 Texas Onion Committee budget and nominations minutes
3 from the June 3rd of 2025 meeting, which I was there.

4 ARBITRATOR CARLOS: Okay. And again, in
5 the regular course of business of the South Texas Onion
6 Committee.

7 MR. GALEAZZI: Yes, sir, and again, also
8 shared with each member.

9 ARBITRATOR CARLOS: Okay. Exhibit 22 is
10 admitted.

11 MR. GALEAZZI: Okay. For Exhibit 23, I
12 would like to look at South Texas Onion Committee
13 minutes organization -- organizational meeting, October
14 23rd, 2025.

15 And again, you're holding -- this was
16 conducted as a regular course of business and was shared
17 with all industry members.

18 ARBITRATOR CARLOS: All right. That's
19 admitted. Exhibit 23 is admitted.

20 MR. GALEAZZI: The next set of documents
21 will be the justifications that were -- the
22 justifications, the notice letter and a side-by-side
23 preparation of the proposed text and the existing text.

24 These documents were prepared by the
25 committee at length during the course of these meetings

1 and years, and they were submitted the USDA on
2 October 30th, 2024.

3 Again, I apologize for my naiveness here.

4 Do we want to submit this entire packet as
5 a single exhibit or each document as an exhibit?

6 ARBITRATOR CARLOS: So my understanding is
7 that the letter dated October 30th, 2024, included the
8 proposed amendments, one, two, three, four and then a
9 side by side. Five. Those five documents are included
10 in that October 30th letter, correct?

11 MR. GALEAZZI: Yes, sir.

12 ARBITRATOR CARLOS: Okay. Well, I guess
13 for clarity purposes, we can do it either way -- or what
14 would you like?

15 MS. McMURTREY: I think each individually,
16 that way it would be easier to -- as we -- yeah.

17 ARBITRATOR CARLOS: Okay. Good. Good
18 suggestion. I'm going to take that.

19 Exhibit 24 is going to be the letter dated
20 October 30th, 2024. Exhibit 25 is going to be the
21 proposed amendment to CFR Part 959
22 continuation/termination language. That's 25 -- Exhibit
23 25. Exhibit 26 is going to be the paid advertisement
24 proposed amendment. Exhibit 27 is justification
25 contribution and justification for proposal. 28, public

1 member from allied industry, justification of proposal
2 and 29 is the side by side for comparison.

3 MS. CHILUKURI: And, Your Honor, if I may
4 ask a question so I can understand the last exhibit.

5 That exhibit had been submitted as part of
6 the letter to USDA?

7 MR. GALEAZZI: As best I can recall, yes,
8 because it looks like what we were attempting to do here
9 was to simplify these multipage documents into a, kind
10 of, a FAQ of what was being proposed versus what exists.

11 MS. CHILUKURI: Okay. The reason I ask
12 that is because it says last revised 9/22/25, so I can't
13 imagine it was sent on that date.

14 MR. GALEAZZI: Oh. Actually, you are --
15 yeah.

16 MS. CHILUKURI: Was that a working
17 document over time?

18 MR. GALEAZZI: That -- yes, that would
19 make more sense. So I would say then that my memory was
20 incorrect, and that it was likely not submitted at that
21 time with the letter, but that it was likely generated
22 thereafter the letter. Again, as a purpose, though, I
23 think as an FAQ, that way you could follow along more
24 easily.

25 ARBITRATOR CARLOS: Okay. So to sum this

1 up, Exhibits 19 through 29 are all admitted into
2 evidence. And Exhibit 29 was not submitted as part of
3 Exhibit 24.

4 Okay. With that, are we ready to move
5 forward?

6 THE COURT REPORTER: Judge, was 29 not
7 admitted?

8 ARBITRATOR CARLOS: It is admitted. It
9 was just not part -- it was additionally identified as a
10 part of the package, but Galeazzi said that -- from the
11 date that it was revised, that it was not submitted with
12 the October 30th letter.

13 Got it? Okay.

14 Are we ready to proceed?

15 MS. McMURTREY: Yes.

16 ARBITRATOR CARLOS: All right. Go.

17 Q. (By Ms. McMurtrey) Thank you so much for coming
18 back, Mr. Galeazzi.

19 I do want to talk about the termination
20 provision a little bit as it exists and as you all have
21 proposed.

22 So I think there's a copy of the order on
23 that table there, should be the existing language of
24 959.84.

25 A. If not, I believe that we can look at

1 document -- or Exhibit 29, the first page in which you
2 will see the current text.

3 MS. CHILUKURI: So, Mr. Galeazzi, I would
4 ask if we look at the -- I would ask that you look at
5 Exhibit 10, the order.

6 MR. GALEAZZI: Okay.

7 (Off record conversation.)

8 A. I apologize.

9 Can you repeat the question now that I do
10 have a copy of the order in front of me?

11 Q. (By Ms. McMurtrey) Yes. So can you read into the
12 record -- I believe it's going to be subsection D of
13 that section, 959.84.

14 A. Yes, ma'am. So subsection D reads, the
15 secretary shall conduct a referendum within six years
16 after the effective date of this paragraph and every
17 sixth year thereafter to ascertain whether continuance
18 is favored by producers. The secretary would consider
19 termination of this part if less than two-thirds of the
20 growers voting in the referendum and growers of less
21 than two-thirds of the volume of onions represented in
22 the referendum favor continuance.

23 Q. Okay. So can you explain a little bit how that
24 provision, specifically the secretary would consider
25 termination if less than two-thirds of the growers

1 voting, that specific provision, can you explain how
2 that works out in practice?

3 A. If we fail to reach two-thirds, then the
4 secretary has the right to terminate the marketing
5 order.

6 Q. Okay.

7 A. I think that was the question.

8 Q. Okay. Yes. Let me clarify that a little bit
9 more.

10 So it says there -- you're right. It's
11 got two-thirds of the growers voting in a referendum and
12 growers less than two-thirds.

13 Does the referendum have to be both of
14 those thresholds, or can it be more, or does it have to
15 just be one of them?

16 A. So the idea is that in order to ensure that the
17 continuance is voted by the -- by enough folks, we are
18 looking for the "and." That we have both growers, a
19 sufficient number to be recognized and that those
20 growers cover sufficient acreage, so as the
21 representative of the industry.

22 ARBITRATOR CARLOS: I got a question.

23 MR. GALEAZZI: Yes, sir?

24 ARBITRATOR CARLOS: It's two separate
25 votes. Is there one --

1 MR. GALEAZZI: No, sir.

2 ARBITRATOR CARLOS: -- based on the
3 numbers and one based upon the volume, or it just one
4 vote?

5 MR. GALEAZZI: It is one vote.

6 ARBITRATOR CARLOS: Okay. How do you
7 determine the volume? How does that determine whether
8 or not -- okay. Two-thirds of volume.

9 How do they determine that, two-thirds of
10 the volume?

11 MR. GALEAZZI: By acres produced.

12 ARBITRATOR CARLOS: Okay. It's on record.

13 For a grower, this is how many acres he
14 produced last year.

15 MR. GALEAZZI: Yes.

16 ARBITRATOR CARLOS: Okay. And he only
17 votes once, though?

18 MR. GALEAZZI: That is correct. Each
19 producer receives only one ballot.

20 ARBITRATOR CARLOS: Got it.

21 Q. (By Ms. McMurtrey) Okay. So I'm going to move a
22 little bit --

23 A. Okay.

24 Q. -- to the language in the notice of this
25 hearing and what the committee originally submitted, so

1 that's going to be -- I believe it is Exhibit 1 -- or
2 you can look at Exhibit 29.

3 A. Okay.

4 Q. I'm sorry. Can we look at Exhibit 1, the
5 notice of hearing?

6 A. I am familiar with the document as STOC did
7 share it with the members. I don't have a physical copy
8 immediately in front of me, but I am familiar with the
9 documents.

10 A copy has been provided to me.

11 Q. Okay. Great. Okay.

12 So on page 2082, the middle of the page,
13 very bottom, can you read the termination language that
14 is in the notice of hearing and what the provision is
15 saying there?

16 A. Okay. On page 2082 for the notice of hearing.
17 Subsection 959.84 titled termination reads, subsection
18 D, the secretary shall conduct a referendum within six
19 years after the effective date of this paragraph and
20 every sixth year thereafter to ascertain whether
21 continuance is favored by producers. The secretary
22 would consider termination of this part if continuance
23 is not favored by a majority of growers who during a
24 representative period determined by the secretary have
25 been engaged in the production of onions in the

1 production area.

2 Q. Okay. With that language, was it the
3 committee's intent that it should be -- so looking at
4 the prior language where it was the two-thirds of
5 growers voting and the two-thirds of volume.

6 A. Uh-huh.

7 Q. Reducing it to a simple majority. Was it the
8 committee's intent to have it still be both vote and
9 volume or vote or volume?

10 A. So I would refer everybody to exhibit -- just a
11 moment as I find it. Exhibit 19. These are the minutes
12 from the meeting June 8th, 2023, and you're going to go
13 to page three.

14 Q. Okay. Perfect.

15 A. Okay. If you go down to the -- one, two,
16 three -- third arrow, and then you go to the second
17 white bullet point under that third arrow, there's a
18 paragraph which begins and reads as such, recommendation
19 that STOC change the language of 959.84, subsection D,
20 to read as, dot, dot, dot, the secretary would consider
21 termination of this part if less than 50 percent of the
22 growers voting in the referendum and growers of less
23 than 50 percent of the volume of onions represented in
24 the referendum favor continuance.

25 I read that -- I apologize. So that's the

1 end of that statement from the minutes, but I wanted to
2 read that because I believe that is a very accurate
3 reflection of -- of the conclusion of the discussion
4 that was had by the community on this topic.

5 Q. Okay. And so -- Court's indulgence.

6 A. Okay. Sorry about that.

7 A. No problem.

8 Q. So with that language and what you just read
9 into the record from the minutes, is it correct then
10 that with this language, we're still looking at -- or
11 the committee, not me, is still looking at that order to
12 continue that it needs to be just a simple majority of
13 producers and a simple majority by volume, by both?

14 A. Yes.

15 Q. Okay. And I'm going to have you refer back to
16 Exhibit 9 which is the termination language that we
17 provided yesterday.

18 A. I have that document, yes, ma'am.

19 Q. Is this -- so is this an accurate -- Court's
20 indulgence. Okay. I apologize.

21 A. Could you read this into the record for
22 us?

23 A. Yeah. No problem.

24 A. Just to clarify, I believe I did that
25 yesterday too, but not a problem, I'll do it again.

1 Q. Okay. Thank you.

2 A. Exhibit 9 reads, subsection -- 959.84, titled
3 termination, subsection D within that section.

4 The secretary shall conduct a referendum
5 within six years after the effective date of this
6 paragraph and every sixth year thereafter to ascertain
7 whether continuance is favored by producers. The
8 secretary would consider termination of this part if
9 continuance is not favored by more than 50 percent of
10 growers voting in the referendum or growers of more than
11 50 percent of the volume of onions represented thereby,
12 who during a representative period determined by the
13 secretary have been engaged in the production for market
14 of onions in the production area.

15 Q. Okay. So thank you so much for reading that
16 again.

17 With this language, it does have the "or,"
18 and so is this an accurate -- excuse me just a second.

19 With the committee, is this -- would this
20 get at the committee's intent, this language as written?

21 A. No, it would work against the intent of the
22 committee. And if you'd be so kind to allow me to
23 explain why?

24 Q. Yes, please.

25 A. Because you have used "or" the indication now

1 is that you need either two-thirds of the growers to
2 participate -- or I'm sorry.

3 You need either a supermajority of the
4 growers in favor or a supermajority of the acreage. As
5 we heard over the two days of testimony, we have
6 significantly reduced acreage due to a variety of
7 factors. The concern expressed by the community through
8 the other minutes which were submitted as exhibits, is
9 their concern they did not want to see the voice of the
10 biggest onion growers -- or onion producers outweigh the
11 voice of the entirety of the industry.

12 The desire of the committee is that all
13 voices carry this equal weight when considering
14 maintaining the order in place.

15 Q. Thank you for that.

16 A. Yes, ma'am.

17 Q. That was helpful.

18 And so would it be correct then that just
19 of the language that you submitted and the notice of
20 hearing, Exhibit 1, that it would continue to work the
21 same as it currently works with both growers and volume
22 reaching 50 percent instead of two-thirds and it would
23 be both, am I understanding that correctly, as opposed
24 to the "or"?

25 I think I --

1 A. I'm sorry.

2 Q. So is it my understanding then that the intent
3 is to still have "and" and just reduce the two-thirds to
4 50 percent, but that it would still need to be
5 50 percent by volume and/or growers?

6 A. Based on the minutes and our review of the
7 exhibits that we submitted, yes, ma'am.

8 Q. Okay.

9 CROSS-EXAMINATION

10 BY MS. CHILUKURI:

11 Q. Mr. Galeazzi, I have some questions because I
12 have to admit, this has been a little bit confusing for
13 me. So I appreciate people pointing things out and
14 everyone's testimony.

15 So my understanding is that the current
16 operation of 959.84 is -- I understand it has "and" in
17 there. So I understand that -- the relevant portion,
18 the secretary would consider termination of this part if
19 less than two-thirds of the growers voting in the
20 referendum and growers of less than two-thirds of the
21 volume of onions represented in the referendum favor
22 continuance.

23 So it has that "and" which confuses things
24 a little bit, but I understood that people were looking
25 at that as or you could meet either one, and that's how

1 USDA conducted prior referendums. It wasn't both, but
2 it was either.

3 Are you -- do you have any knowledge that
4 speaks to that?

5 A. My understanding is contrary to that. My
6 understanding is the way that this is written, is it
7 establishes a threshold. So that -- as we discussed,
8 you know, we have -- we have various challenges getting
9 growers to submit those ballots in the appropriate
10 amount of time during referendums, so to ensure that we
11 have a good enough sample of the producers -- I
12 apologize. I'm using the words interchangeably, but to
13 ensure that we have a sufficient sample of producers
14 submitting the referendum. We need to achieve those
15 marks, right, that enough acreage is represented in the
16 ballots that are received to be a good reflection of the
17 industry's participation in the referendum.

18 Do you guys -- I realize I was a little
19 choppy in those words. Did that --

20 Q. No, I understand. It's just contrary to my
21 understanding. This is why we're all here.

22 A. Yes.

23 Q. So thank you for that.

24 A. Absolutely.

25 Q. So I guess I would say it's a higher burden,

1 it's harder to achieve when it's "and"; is that correct?

2 A. Absolutely.

3 Q. Okay. And the industry is open to that
4 because -- because of the concerns of other witnesses
5 mentioned, that they want to have both agencies in
6 place; is that accurate, or please elaborate?

7 A. Well, to be technical, it's not necessarily the
8 witnesses that reflected the desire as much as it was
9 the committee that reflected that desire during the
10 meetings, and that's why we submitted the minutes.

11 Yes, we did hear testimony from folks like
12 Steve Cargill who said that, you know, he wanted to see
13 the "and" language in there because it gave smaller
14 producers like himself an equal voice during the ballot
15 process.

16 Q. To clarify, I believe Mr. Cargill testified
17 that he wanted it just by number.

18 A. I thought he had -- I thought after we had kind
19 of dug into that he had said and.

20 Q. Okay.

21 A. Yeah. But -- but anyway, I think, though, that
22 getting to the finality of his comments was that he
23 wanted to make sure the small producers had equal voice
24 during the continuation referendum process.

25 Q. Okay. Can you speak a little more to -- so one

1 reason you decided that the committee has decided they
2 wanted to decrease the thresholds is because of the
3 difficulties associated with the past referendum.

4 So is it possible that with 50 percent
5 "and," right, the way the agencies operate together,
6 that you could face the same problem again, potential
7 termination?

8 A. I don't think so. I don't think so. The
9 reason is that in prior referendums, what we saw was, we
10 saw a majority of the participants in the -- in the
11 referendum indicate they wanted to maintain the
12 marketing order, but we failed to achieve the
13 supermajority, that two-thirds threshold, and I think
14 mathematics speaks easily to it, right, because let's
15 say, for example, you got six ballots. If you had two
16 people vote against continuation, you immediately fail
17 because for 66.6 percent, not 67 -- so you could see how
18 we have established an extremely high bar for
19 maintaining the referendum, that does not appear to be
20 the same bar that is in place with other onion marketing
21 orders.

22 Q. And you have said that you refer to other onion
23 marketing orders having different threshold. Can you
24 refer specifically to what those are?

25 A. I can. So if you again look at -- apologies.

1 Exhibit 25 and you move to -- oh. It's right there. On
2 page one.

3 In part one, what is the purpose of
4 proposal. You will see the second paragraph. Again,
5 this document was prepared as a result of conversations
6 of the committee, not a subcommittee, but the community
7 itself who helped complete this justification.

8 And in that comment, you would see that
9 the community specifically cites having looked at the
10 Walla Walla onion marketing order.

11 Q. And you're referring to language on Exhibit 25,
12 it says, "We are now aware not only that other language
13 can be used, but that other programs also use a
14 threshold of 50 percent for support of continuation,
15 including the Walla Walla, Washington onion marketing
16 order." Is that what you're referring to?

17 A. Yes, ma'am, that's correct.

18 Q. And is it -- the 50 percent support, is that
19 clear -- it doesn't mention here that they would vote by
20 number or volume; is that correct?

21 A. So that is correct. It does not specifically
22 specify in this paragraph or I believe -- let me just
23 look at it real quick.

24 No, actually if you go down to the fourth
25 paragraph in that same portion, you will see that there

1 is yet another reference.

2 If I may -- if I can read it.

3 It reads, during conversations at the
4 May 2024 meeting, the community considered various
5 options for reaching a, quote, simple majority, unquote,
6 such as whether the threshold should be 50 percent plus
7 one or whether it should be by volume only.

8 Ultimately, the motion was made to move
9 forward with this proposal as simply "greater than
10 50 percent."

11 Did that answer the question?

12 Q. Not quite because you were saying it's based on
13 Walla Walla.

14 A. So what I'm saying is that -- yeah, we looked
15 at other marketing orders.

16 Q. Okay.

17 A. And we did consider Walla Walla. And I believe
18 the follow-up to that in your question was, did we also
19 consider growers and volume? And so that's why I
20 pointed at the fourth paragraph which is to say part of
21 the conversation was, in fact, to move forward with
22 volume. I cannot confirm, though, to be sufficient to
23 your question. I cannot confirm that we actually said,
24 okay, Walla Walla, number of growers, volume and our
25 final decision is XYZ.

1 Q. Okay. So if you could take a look at 959.84(c)
2 and read that into the record, so that would be part of
3 Exhibit 10.

4 A. Okay. So I am looking at subsection 959.84
5 titled termination within that subsection C. "The
6 secretary shall terminate the provisions of this subpart
7 at the end of any fiscal period whenever he finds that
8 such termination is favored by a majority of producers
9 who, during a representative period, have been engaged
10 in the production of onions for market, semicolon,
11 provided, that such majority has, during such
12 representative period, produced for market more than 50
13 percent of the volume of such onions produced for
14 market."

15 Q. Okay. And to your understanding -- what is
16 your understanding of that provision?

17 A. You're going to need to give me just a minute
18 here.

19 Q. Yes, please.

20 A. Yeah, I'm not fluent in legalese so give me
21 just a second here. Got you.

22 It's my belief -- and I apologize because
23 this language was written in the early sixties,
24 finalized in the 60s, 70s so this predates me just a hot
25 minute.

1 Subsection C I believe is saying that
2 producers -- if the producers -- if the majority of the
3 producers do not favor continuation, then the secretary
4 has the right to terminate it, but it goes on to qualify
5 that only the producers who generated more than
6 50 percent of their onions for fresh market sales are
7 allowed to participate in that referendum.

8 The reason why that's important is because
9 our marketing order is very specifically trying to get
10 the best of the Texas onions for fresh market sales, and
11 as the -- as Mr. Marc, our economist, can tell you,
12 there is a value difference between onions intended for
13 fresh market and the onions for processed markets.

14 Q. Okay. So let me recap what you said.

15 A. Okay.

16 Q. So the secretary shall terminate, so it's
17 shall, as in mandatory, if the majority of producers --
18 right?

19 A. Uh-huh.

20 Q. So by number and provide that -- provided that
21 majority, which already has produced for market. So it
22 seems to be a combination of both number and volume; is
23 that accurate?

24 A. So the first part, you're saying by number. I
25 don't see that here. I just see favored by a majority.

1 It does not specify what majority.

2 Q. But as majority, would that be a number?

3 A. That's a great question, but probably not for
4 me. I would refer to whoever prepared the -- that
5 recommendation for the committee, probably back in the
6 early sixties, if there's any of those notes or comments
7 left.

8 Q. Okay. And the reason I ask is because we're
9 sort of deputizing you as the person --

10 A. I understand, but I simply do not have the -- I
11 don't have the background necessary to say why it was
12 written that way.

13 Q. Do you imagine that it was written that way to
14 comply with the intent of the act to give -- to comply
15 with the intent to give?

16 A. My opinion is that this was written so that way
17 the folks who grow onions, but not specifically for
18 fresh markets, do not somehow find a way to terminate
19 STOC through their participation.

20 Q. Okay. And that's your opinion?

21 A. Correct.

22 Q. Okay. Thank you.

23 MS. CHILUKURI: Your Honor, may we take a
24 break just so I can consult with some of my colleagues?

25 ARBITRATOR CARLOS: Yes. Let's come back

1 at 25 after. Let's make it 3:30.

2 (Off the record.)

3 ARBITRATOR CARLOS: Okay. We are back on
4 the record. It is 3:54.

5 Okay. So this is what I suppose we do.
6 We have Mr. Beckwith online. I suppose that we pause
7 the current testimony, take Mr. Beckwith's testimony and
8 we can go back and clear up any remaining questions.

9 So with that, you're excused and we're
10 going to start with Mr. Beckwith.

11 Mr. Beckwith, please raise your right
12 hand.

13 WILL BECKWITH,
14 having been first duly sworn, testified as follows:

15 TESTIMONY OF WILL BECKWITH

16 ARBITRATOR CARLOS: Please state your full
17 name for the record and spell your last name.

18 MR. BECKWITH: Beckwith, B-E-C-K-W-I-T-H.

19 ARBITRATOR CARLOS: Okay. Please begin
20 your testimony. I have here -- we're going to mark this
21 as -- I think we're on Exhibit 30 and that's a copy of
22 your proposed testimony; is that correct?

23 I guess you don't know what you have. So
24 this is Exhibit 30 and we're going to -- that's admitted
25 into evidence so please start your testimony.

1 MR. BECKWITH: I'm sorry. I couldn't hear
2 that last part.

3 ARBITRATOR CARLOS: They're ready for you.
4 Go. Exhibit 30 is a copy of your testimony.

5 You may now begin your testimony.

6 MR. BECKWITH: Okay. Yes.

7 Hello, I am Arthur Beckwith. I am a
8 producer here in South Texas for onions and I would like
9 to -- sorry. My file disappeared. One second.

10 ARBITRATOR CARLOS: You need help with
11 something?

12 MR. BECKWITH: No, I'm sorry. I'm on my
13 phone right now.

14 Hello, my name is Arthur Beckwith and I am
15 the manager of B&B Farms and Beckwith Produce. I am a
16 fourth-generation farmer working alongside my
17 grandfather, father and brother. For the past seven
18 years, I've been -- I've had the opportunity to help
19 manage our family's vegetable and row crop farm in the
20 Rio Grande Valley and I'm here to voice my support for
21 the four proposed amendments to the marketing order
22 which are adding a public member to the committee,
23 allowing acceptance of outside monies, permitting
24 assessment funds for paid advertisements and
25 establishing continuation referendums at 51 percent.

1 These changes matter to me and the
2 industry, I believe, as the onion industry has
3 drastically changed over the past two decades, the
4 number of farmers and packers growing and marketing
5 Texas 1015 onions has decreased drastically and
6 competition from outside industries and urban expansion,
7 warehousing and infrastructure to support imported goods
8 from Mexico, and putting increase pressure on our
9 resources.

10 At the same time, competing
11 onion-producing regions of the United States have
12 increased their storage capabilities and now compete
13 against 1015 sweet onions and imports from Mexico and
14 South America for retail floorspace and at the food
15 service level.

16 I believe adding a public member to the
17 committee would improve our overall effectiveness of the
18 committee to market our onions and provide a greater
19 viewpoint at the table to help make better long-term
20 decisions that would improve the entirety of the South
21 Texas onion industry.

22 Acceptance of outside monies and grants
23 would help the industry cover costly expenses of
24 creative development, media and outreach. The help of
25 matched funds from retailers, health initiatives and

1 grants could help match our assessment dollars and would
2 be a tremendous benefit to our industry. And the use of
3 assessment funds for paid advertising would be greatly
4 beneficial to the Texas 1015 onion.

5 Under the current rules, the marketing
6 order does not allow the use of assessment funds to
7 support media. Today, so many different media outlets
8 are available such as social media platforms, digital
9 billboards, industry publications and trade shows
10 available for the STOC to get their voice out. And
11 we're missing many opportunities to inform the consumers
12 of the Texas 1015 sweet onions.

13 And continuing referendum at 51 percent
14 would benefit the marketing order, 959, as the number of
15 growers decrease, and a simple majority will help
16 preserve the continuity and effectiveness of the program
17 while still reflecting the industry's will.

18 In closing, these updates to the marketing
19 order will help committee members more effectively
20 maintain a quality product and better educate consumers.

21 Adding a public member will improve
22 relevance of viewpoints on the committee. Allowing
23 outside monies and paid advertising ensures we have
24 adequate resources to achieve our advertising goals, and
25 a 51 percent continuation standard helps keep the work

1 being done by the committee moving forward.

2 Together these amendments allow the
3 committee to do a better job reflecting the opinions of
4 growers and handlers in the South Texas onion industry
5 and to inform the public of the benefits of choosing
6 Texas 1015 onions.

7 Thank you for your consideration and time.

8 ARBITRATOR CARLOS: Thank you.

9 Ms. Eankey?

10 MS. EANKEY: Thank you, Your Honor.

11 CROSS-EXAMINATION

12 BY MS. EANKEY:

13 Q. Thank you, Mr. Beckwith, for your testimony
14 today and your patience with us. I appreciate that.

15 Have you had the opportunity to study the
16 proposed amendments? Can you hear me?

17 A. Can you say that again?

18 Q. Have you had an opportunity to study the
19 proposed amendments?

20 A. Yes, ma'am, I have.

21 Q. And do you believe that you understand them?

22 A. Yes, ma'am, I do.

23 (Technical difficulties.)

24 Q. Can you hear me now?

25 A. Yes, ma'am.

1 Q. Can you hear me clearly?

2 A. Yes, ma'am, I can.

3 Q. Okay. Were you involved in the discussions and
4 the deliberations regarding the proposals?

5 A. Yes, ma'am. I was.

6 Q. And from your experience, was there any
7 outreach conducted to inform or educate the industry
8 regarding the proposed amendments?

9 A. Yes, there was. There was letters that were
10 sent out to growers and notices of the meetings that
11 took place.

12 Q. To your knowledge, did all segments of the
13 industry, including small businesses, have an
14 opportunity to provide input on the proposed amendments?

15 A. As far as I'm aware, yes. It was primarily the
16 growers and shippers that were informed, as well
17 marketing 959.

18 Q. Based on what you observed, do you believe the
19 proposed amendments have broad industry support?

20 A. Yes, I do.

21 Q. In your testimony, you state that the number of
22 farmers and packers or handlers decreased over the years
23 and that competition from urban expansion, warehousing
24 and infrastructure has contributed to this decline.

25 Can you explain how this competition has

1 affected farmers and handlers?

2 A. Yes. As we've had to deal with decrease water
3 supply due to urban expansion and the increase in use of
4 water by industrial oil and gas and other industries, we
5 had to change our growing practices.

6 We are also losing land and having to
7 learn how to do a better job rotating our crops and
8 growing in a tighter window, and at the same time we're
9 losing labor force participation in agriculture to
10 competing industries as well.

11 And without these changes in the
12 referendum to be able to conduct research of market, I
13 believe that we will be facing a tough fight forward
14 competing against other regions that do have these
15 capabilities in their marketing order.

16 Q. You also referenced pressures on the
17 agricultural workforce from other industries.

18 How have pressures contributed to the
19 decline in producers and handlers?

20 A. As other industries have moved to the Valley,
21 there's been other job opportunities in the lower
22 skilled wage force and in the higher skilled wage force,
23 and people have decided to take other job opportunities
24 and we're competing for a smaller piece of the pie of
25 our domestic workforce.

1 Q. You also mentioned increased storage by
2 domestic onion producers.

3 How has that impacted South Texas onions
4 in the marketplace?

5 A. It has been tough for us. We start harvesting
6 onions towards the middle of February, end of January.
7 It keeps coming on earlier and earlier as varieties grow
8 and growing practices get better.

9 But at the same time, the Pacific
10 Northwest and the northeast and northern growing regions
11 have invested their money in research and time into
12 increasing their storage capabilities that they can ship
13 year-round out of the Pacific Northwest overlapping with
14 our growing regions marketing time slot.

15 And we have more onions to compete against
16 at the retail and food service level than we did years
17 ago when onions were shipped and stored for a shorter
18 time period.

19 Q. And how has this impacted the visibility of
20 South Texas onions in the marketplace? Has it decreased
21 their visibility and decreased their market share, from
22 your perspective?

23 A. From my perspective, it has. As consumer packs
24 and quality onions, that are able to make it through
25 storage all the way through the month of June, continue

1 to get shipped out from the northwest. Buyers and
2 retailers are wanting to bypass the South Texas region
3 as a whole as they don't want to deal with logistics,
4 interruptions and changing machinery.

5 So I think with marketing on our side, we
6 can get the voice out on why we have a better premium
7 onion, which I believe we do have, that the customer
8 would benefit from consuming at that time period when we
9 have them available.

10 Q. Okay. Thank you.

11 I will be moving to proposal number one
12 which is to lower the continuance referendum threshold
13 from two-thirds to a simple majority greater than
14 50 percent.

15 Mr. Beckwith, can you tell me under the
16 Small Business Administration standards, would you be
17 considered a small business?

18 A. I am not familiar with the terms or the exact
19 requirements.

20 Could you inform me on what those are?

21 Q. Under the small business standards, you make
22 under 3.75 million dollars for producers, that would
23 categorize you as a small business.

24 A. Is that net or gross?

25 Q. That is net revenue.

1 A. Some years we are, I guess, a medium-size
2 producer and some years we are a small producer
3 depending on the value of that given year.

4 Q. When you say "medium-size," are you saying that
5 you exceed the 3.75 million yearly?

6 A. Yes, ma'am.

7 Q. Okay. So would you be categorized as a small
8 producer currently?

9 A. Depending on market situation -- we don't have
10 contracts set with customers, so we are at the whims of
11 the open market, and depending on what the market may
12 be. If onions are six dollars a bag, we will not be
13 considered a medium producer. It is all dependent on
14 the price of onions from March until the beginning of
15 May for our market.

16 Q. Okay. So as I understand it, you are a small
17 business as of right now.

18 A. Yes, ma'am.

19 Q. Okay. Thank you.

20 Are you also a handler as well as defined
21 under the marketing order?

22 A. Yes, ma'am, we are a handler and grower.

23 Q. And under the Small Business Administration
24 standards where handlers would make under 34 million
25 dollars, would you be considered a small handler as

1 well?

2 A. Yes. Under 34 million -- I think -- I'm sorry.
3 I thought you said 3.4 million per year.

4 Q. Yes. The threshold is different for producers
5 and handlers.

6 A. Okay. Yes. On the handler, we are definitely
7 a small producer every year. A small business.

8 Q. Okay. Thank you for that clarification.

9 Back to proposal number one. You
10 mentioned many challenges that the industry is
11 experiencing that have contributed to the decline in the
12 number of producers and handlers in the South Texas
13 onion industry.

14 From your perspective, how has the
15 reduction in the number of producers affected the
16 participation in the continuance referendum?

17 A. It has been harder as the numbers have gotten
18 smaller, you know, sometimes some growers simply don't
19 respond, sometimes they do. So I am young. I'm 30
20 years old. I have only had seven years in the industry,
21 but from what I've seen in my time, many of the growers
22 are not vocal continually, but sometimes they are and
23 there's fluctuation in it at the moment.

24 Q. What are your thoughts on what might have
25 contributed to growers not being vocal on the

1 continuance of the referendum?

2 A. I honestly could not -- I don't have a true
3 opinion on that. I don't know. I don't know that.

4 Q. Okay. Previous testimony from other growers
5 and grower/handlers that are vertically integrated in
6 the industry mentioned other factors such as the
7 unfamiliarity with a continuance referendum process.

8 They mentioned the economic environment
9 and that growers are busy tending to their farms, other
10 constraints have prevented them from participating.
11 They've also stated that with the ballots coming in the
12 mail, that sometimes growers are tied up in other
13 business tending to their farm and production that they
14 did not have the opportunity to vote in the referendum.

15 Does this align with your experience or
16 perspective about why growers -- why the voter turnout
17 in the continuance referendum would be low?

18 A. Yes. I could see how letters being sent in the
19 mail and depending on the time of the year down here in
20 South Texas, I could see how growers would miss voting
21 sometimes as most growers are small family farms down
22 here and they are handling the business side, from an
23 accounting perspective, on the farm, operations and
24 packing sheds. I could see how they could potentially
25 leave it to the side and not vote sometimes.

1 Q. Okay. One second.

2 So as a small producer/handler, can you
3 describe your experience participating in past
4 continuance referendums? How did you learn about
5 continuance referendum and how clear was that process to
6 you at that time?

7 A. I received a letter in the mail and it was
8 clear to me on the vote what -- what we were voting on
9 and it was in a timely manner. We were able to vote in
10 favor of the change in referendum.

11 Q. And can you think of any challenges that might
12 have affected your ability to participate in past
13 referendums?

14 A. We did not have an issue. We got the letter
15 and voted in favor of the referendum.

16 Q. Have you observed any challenges that might
17 affect other producers' ability to participate?

18 A. As you said, they may be busy and just did not
19 prioritize it I suppose over their other obligations for
20 their farm.

21 Q. Okay. So from your perspective, does low voter
22 turnout necessarily mean that those producers oppose the
23 marketing order or is it other reasons as you -- go
24 ahead. Continue.

25 A. Oh. Yes. No. Continue. I'm sorry.

1 Q. No. It seems like you were going to answer the
2 question so please continue with your answers.

3 A. Yes. Yes.

4 Like I said, I believe they've been busy
5 and I do not think that their absence of votes dictates
6 their interest or disinterest in the referendum. I
7 simply believe that they did not realize, they might
8 have put it on the back of the mail pile and they missed
9 the referendum vote.

10 Q. And from your experience, does the opportunity
11 to vote in the continuance referendum feel like it's
12 equally accessible to all producers of different sizes?

13 A. Yes, ma'am. I believe everyone has the
14 opportunity to receive mail and go to the post office.
15 It's simply a matter of an individual's willingness to
16 vote and their -- their attentiveness to the situation.

17 Q. Okay. So is it your understanding that there
18 were two initial referendums conducted in the past?

19 A. Yes, ma'am.

20 Q. And is it your understanding that those two
21 additional continuance referendums, they failed to reach
22 the two-thirds threshold?

23 A. Yes, ma'am.

24 Q. And despite that not reaching the two-thirds
25 threshold, in those initial continuance referendums,

1 that a majority of growers did, in fact, vote -- a
2 majority of growers voting in the referendum did, in
3 fact, vote to support the continuance of the marketing
4 order. Is that your understanding?

5 A. Yes, ma'am.

6 Q. Is it also your understanding --

7 A. Helping producers, I might add. There are some
8 growers -- you know, we're a very diverse growing
9 region. In some years, people will not grow onions for
10 four years and then they are a producer for three years.

11 So some of the growers that have sat back
12 because of water issues in the organization, may not
13 have been paying attention to onions at all. If a
14 letter comes in from the South Texas Onion Committee --
15 if they're not growing onions that year, they didn't
16 vote, only the year on year, year-in, year-out growers
17 and handlers voted. So I did want to make that
18 statement.

19 Q. Okay. Thank you.

20 So despite not reaching the two-thirds
21 threshold, a majority of growers voting in the
22 referendum did support the continuance of the marketing
23 order; however, the market order, it failed and USDA
24 subsequently conducted a repeated or a second
25 continuance referendum in order to measure the support

1 of the industry.

2 Do you recall what was the result of the
3 repeated referendums when they were conducted? Did they
4 meet the two-thirds threshold the second time?

5 A. I cannot remember off the top of my head right
6 now. I've been traveling and I need to go back and look
7 at my notes to answer truthfully.

8 Q. Okay. Well, during the second referendum that
9 USDA conducted, the industry was able to make the
10 two-thirds threshold. In the committee justification,
11 they provide that additional outreach was conducted,
12 extensive outreach was conducted in order to reach those
13 growers in order to get to the two-thirds threshold.

14 Does that jog your memory a little bit?

15 A. Yes, it does. I just did not want to speak out
16 in this hearing. I wanted to verify what was -- what
17 had happened.

18 Q. Okay. So considering that additional outreach
19 was necessary in order to reach the two-thirds
20 threshold, from your perspective, how would reducing the
21 threshold to a simple majority better preserve the
22 continuity and the effectiveness of the program while
23 still reflecting the industry's will?

24 A. As I stated earlier, there are growers that
25 grow onions some years and some years they don't, and I

1 believe those smaller growers often align with the
2 marketing where they need the protection that it
3 provides.

4 And so some of the larger growers who
5 voted in the referendum earlier, they are year in, year
6 out. They have office staff that they're always
7 checking their mail, they make sure everything goes out.

8 So I believe when that second vote went
9 out and more people were reached, I think that is a
10 better reflection of the South Texas onion industry and
11 the true opinions of the growers as a whole in the
12 region.

13 Q. Why do you believe that it's a better
14 reflection of the industry?

15 A. There are a few large growers that have a
16 majority of the acreage down here in the Valley, and
17 they have a larger outreach and they have some growers
18 that grow for them. So they will say, hey, I think you
19 should vote for or against this.

20 And the smaller growers, they bounce
21 around between different factors year to year. They
22 don't -- they're independent -- independently minded
23 growers. They have their own opinion and they were
24 not -- they don't check the mail. Like you said, they
25 did not respond in the first letter, and I believe the

1 whole of who voted in the last referendum does reflect
2 our industry and the -- the fear if consolidation does
3 continue -- if the trend does continue, that any one
4 person could potentially sway the outcome of the vote
5 and not reflect the region as a whole.

6 Q. Are you stating --

7 A. A simple majority rule is what to believe the
8 region wants. I could be wrong, but that is my -- that
9 is my understanding of the situation.

10 Q. All right. So my understanding -- to clarify,
11 is that because there is a decline in the industry and
12 there's less voters voting in the referendum, that a
13 small number of voters voting in opposition may make it
14 more difficult for the industry to reach a two-thirds
15 threshold. Is that what you're saying?

16 A. Yes, ma'am.

17 Q. And you believe that by reducing it to a simple
18 majority, that it wouldn't -- it would allow for better
19 representation and support of the industry as a whole
20 because it would eliminate those few smaller producers
21 having so much weight in the referendum because it would
22 need -- it would only need a majority to pass.

23 Is that similar to what you are trying to
24 explain?

25 A. Yes, ma'am.

1 Q. Okay. Is it your understanding -- one moment.

2 Okay. Thank you.

3 So in your own words, I would like for you
4 to explain on the record -- the community states that a
5 simple majority would better reflect the current makeup
6 of the industry and give smaller producers a stronger
7 voice.

8 Can you provide your thoughts on that and
9 how does that align with your experience?

10 A. Yes. I believe a simple 51 percent majority
11 vote would reflect the industry as a whole as there are
12 many small growers that are independently minded, and
13 they need to have a voice at the table.

14 As consolidation occurs, a majority vote
15 could potentially lead to only certain producers getting
16 their voice heard at the table. And with a smaller
17 number of growers, it could be one or two votes to
18 change that, and I think we need a 51 percent referendum
19 to have a better view -- an equal reflection of what the
20 South Texas onion industry currently truly sees.

21 Q. You're referring to those small -- not small
22 producers, but those few producers in the industry, you
23 said that they have a large acreage, correct?

24 A. Yes, ma'am. There are a few growers that make
25 up a large percentage of the acreage down here.

1 Q. And when you refer to having difficulty meeting
2 the two-thirds threshold, if you have a few large
3 producers that vote in opposition, does that make it
4 more difficult for the committee to reach the two-thirds
5 threshold by number and by volume?

6 A. Yes, it does.

7 Q. And so when you reduce that two-thirds
8 threshold down to a simple majority, it then allows
9 the -- is it better, in your opinion, it's a better
10 reflection of the industry because the majority of
11 producers are represented in that referendum and it's
12 not being swayed by the few numbers of individuals that
13 would be voting in opposition.

14 A. That is correct, yes, ma'am.

15 Q. So essentially, if in the continuance
16 referendum that you would have a majority of growers by
17 number or majority of growers by volume, the marketing
18 order would continue instead of requiring two-thirds by
19 volume or two-thirds the number by growers -- by grower
20 number in the referendum.

21 Is that your understanding?

22 A. Yes, ma'am, that is my understanding.

23 Q. How familiar are you with what is required in
24 order to terminate the marketing order?

25 A. I'm not extremely familiar in what is required

1 to terminate the marketing order.

2 ARBITRATOR CARLOS: Excuse me. We have an
3 objection.

4 MR. GALEAZZI: This is Dante Galeazzi from
5 TIPPA and STOC.

6 I would like to point out some
7 clarifications. So Will is fairly new to the STOC
8 board/the large committee.

9 MS. EANEY: Okay.

10 MR. GALEAZZI: However, Will's expertise
11 for a lot of what we do in STOC is in mechanical
12 harvesting. He has been one of our key producer/handler
13 members who has really helped us lead that particular
14 research effort. So if that helps at all with the
15 direction of certain questions.

16 MS. EANEY: Sure.

17 Q. (By Ms. Eaney) So as far as I understand it, you
18 do support proposal number one which is to lower the
19 continuance referendum threshold from two-thirds to a
20 simple majority; is that correct?

21 A. That is correct.

22 Q. Okay. Thank you.

23 Moving to proposal number two, which is to
24 expand marketing promotion, including paid advertising.

25 In your testimony, you state that

1 different media outlets are available such as social
2 media platforms, digital billboards, industry
3 publications and trade shows are available, and that the
4 committee is missing out on many opportunities to inform
5 the consumer of the benefits.

6 From your experience, how has the
7 inability to participate in these marketing platforms
8 affected the industry's visibility, market share and
9 producer returns?

10 A. I think it's a drastic effect on the reason why
11 we are not able to keep our brand recognized and active
12 in consumers minds when they go to the store because
13 we're competing directly against the Vidalia region.

14 The time that they are able to market
15 their onions, we have seen a drastic decrease in the
16 consumption of the 1015 as compared to other onions,
17 like Vidalia has probably spent millions to market and
18 promote their onions at these trade shows, and at retail
19 levels and on the internet.

20 And if we miss out on that opportunity, I
21 believe the Texas 1015 region will continually see a
22 decline in our share of the onion -- sweet onion market
23 as a whole.

24 Q. And what challenges have the South Texas
25 industry experienced in maintaining or trying to

1 increase its market share in recent years?

2 A. We overlap with Vidalia and Vidalia has done a
3 tremendous job on marketing their onions. And when we
4 try and sell our onions during that -- Vidalia starts.
5 People just want to switch to Vidalia onions, even
6 though they have the same flavor profile, ship ability
7 and I argue that the Texas onion is a premium onion in
8 the sweet onion category. Yet, the consumer is
9 uninformed on that information and we need to be able to
10 place that information out for the consumer to make an
11 informed decision.

12 Q. And how would contribution authority help to
13 address this issue?

14 A. Contribution would allow us more money as an
15 industry and promote the 1015 onion and increase more
16 consumer awareness at the retail and service level. If
17 the consumer were to ask, hey, where are the 1015 onions
18 and they said, oh, we don't have any. We only have
19 Vidalias, they could tell their manager, I would like to
20 see some 1015 onions in here and there is currently none
21 of that going on down here. We don't have the ability
22 to raise funds to do that.

23 Q. Thank you.

24 How do you think increased involvement in
25 marketing and promotion activity could affect your

1 operation based on your experience as the small
2 producer?

3 A. I believe buyers will continue to pull out of
4 the 1015 region and all shippers in the region will see
5 an increase in demand for their product over a storage
6 sweet onion that's been sitting in storage for ten
7 months and starting to lose its shelf life or a Vidalia
8 onion, because people want a 1015 onion, and there is no
9 1015 storage individual growers so they're going to go
10 to the sheds down here and ask for more onions,
11 hopefully.

12 Q. And is it your understanding that increasing
13 consumer demand and consumer awareness through expanded
14 marketing and including paid advertisements could
15 translate into increased sales and higher producer
16 returns for the industry -- for all growers in the
17 industry regardless of size?

18 A. Yes, ma'am.

19 Q. As far as contribution authority, turning to
20 proposal three, it is my understanding that you are
21 involved with mechanical harvesting.

22 A. Yes, ma'am.

23 Q. Can you explain to us what mechanical
24 harvesting is and how that's different from hand
25 harvesting?

1 A. In hand harvesting, onions are clipped at the
2 root and at the end -- at the bulb connecting to the --
3 the neck of the onion where the leaves are. They are
4 clipped one by one and placed into a bin to be shipped
5 to a packing shed, to be processed, and that is a very
6 time-consuming and laborious job. It is demanding and
7 it is hot when we're harvesting onions in South Texas
8 and you need crews of sometimes up to 200 people to get
9 your crop out before a storm.

10 With mechanical harvesting, you lift the
11 onions up with a chain or for others -- there's multiple
12 methods of mechanical harvesting onions, and raise them
13 on a conveyor belt and load them into the trailer by the
14 bed.

15 So you're able to harvest multiple onions
16 with the machine and place them into bins and ship them
17 out and reduce your labor force by 90 percent, and in a
18 region where we're facing labor shortages -- and it
19 seems like that trend will continue, I believe
20 marketing -- mechanical onion harvesting needs to be
21 implemented and studied to have the most effective
22 method of harvesting to reduce food loss, food waste and
23 provide the best quality onion we can down here in South
24 Texas -- or the nation.

25 Q. What impact would mechanical harvesting have on

1 the cost of production for South Texas onion growers?

2 A. It would decrease the cost tremendously. We're
3 paying \$2 to \$2.50 for a 50 per bag to clip and
4 transport onions by hand, and we could shave off a
5 dollar off a 50-pound bag from the field to the shed
6 with mechanical harvesting and allocate our labor to the
7 areas where it's needed most on the farm.

8 Q. And how would the addition of contribution
9 authority, which will provide the committee access to
10 outside funds, impact the research being conducted for
11 mechanical harvesting?

12 A. The funds would help to gather equipment needed
13 to study the effects and qualities of an onion compared
14 to hand harvesting and there's still much research to be
15 done in that -- documented for throughout the hearing
16 process we would need. It takes money to pay for
17 research scientists and teams and to get data gathered.

18 And any one individual firm doing that on
19 their own, I don't believe would share that information
20 with the industry as a whole, and we need to work
21 together as an industry to provide resources for the
22 region to continue harvesting and marketing our onions.

23 Q. Okay. In your testimony -- okay. Thank you.

24 How do you expect the addition of a public
25 member and alternate member seat will impact committee

1 decision-making?

2 A. I believe that it would provide a broader view
3 of the industry as a whole. There are packaging
4 suppliers in the industry and seed -- seed suppliers and
5 agronomists, and so many people that see a different
6 side of the industry other than just the grower, the
7 shipper.

8 And I believe having their voice at the
9 table would better reflect the onion industry to help us
10 make the proper decision-making of the industry as a
11 whole instead of just marketing and growing of the onion
12 because everything -- it's a group effort. It's not
13 just the grower and shippers that gets our onions on the
14 table.

15 There's transportation, logistics,
16 warehousing, farms and I believe that having it -- one
17 voice from outside would provide a better view of the
18 onion and opinion of the industry as a whole.

19 Q. Thank you.

20 And based on your experience, do you think
21 there are any segments of the industry that may be
22 disproportionately burdened from the proposals
23 recommended today?

24 A. I believe -- I do not believe so. No, I think
25 everyone is -- equally.

1 Q. And do you believe these proposals reflect the
2 current needs of the industry?

3 A. Yes. From what I have heard at other South
4 Texas Onion Community meetings when we were talking
5 about this, yes, everyone seemed to be in favor. I
6 didn't see really very many people opposed to it at all.

7 Q. And from your perspective --

8 A. I think --

9 Q. I'm sorry. Continue.

10 A. I just wanted to say that -- and I did -- I
11 believe that reflects the industry as a whole, and I
12 didn't speak to everyone, but I heard no objection to it
13 from anyone.

14 Q. Thank you.

15 And from your perspective, how important
16 is the continual operation of the marketing order to the
17 industry? What might happen if the marketing order was
18 no longer in place?

19 A. I believe the marketing order is vital to our
20 industry to maintain quality, grade and standards of our
21 onions leaving South Texas and reaching the consumer.
22 If the marketing order is removed, the potential for
23 one -- one group or one farm to ship low-quality onions
24 out of the Valley could impact our region for all season
25 if we don't have those protections in place setting

1 grade and standard on our onions.

2 Q. And is there anything else that you'd like to
3 share about how these proposals may affect the industry?

4 A. No, ma'am.

5 Q. Thank you.

6 MS. EANKEY: Thank you, Your Honor. I
7 have no further questions.

8 ARBITRATOR CARLOS: Okay. Next.

9 MS. McMURTREY: Michelle McMurtrey.

10 CROSS-EXAMINATION

11 BY MS. McMURTREY:

12 Q. Hi, Mr. Beckwith. I just have a couple
13 questions.

14 Based on your observation as a grower,
15 what types of advertising are you seeing now for
16 Texas -- for South Texas 1015 onions?

17 A. You know, you have individual retailers, like
18 Texas, they have Texas brands. Kroger has their brand.
19 I can't remember the name of it and they do highlight
20 that they use row crop, but there is no conservative
21 effort other than the Texas -- you know, we have an
22 Instagram profile that I'm aware of that we get
23 information out of, but other than that, it's
24 individual.

25 Packing sheds, it might be promoting

1 their's as a sweeter or a quality onion as a whole.

2 There is not enough marketing on the Texas 1015 brand.

3 Q. Okay. Based on your experience, how are people
4 learning about the 1015 onion now?

5 A. Right now, you know, the onion community has
6 been running a restaurant week and chefs get to cook
7 some onions with the 1015 onions and people vote on it.
8 That gets the 1015 name out.

9 The city of Weslaco has their onion fest
10 and people attend it, but that's a local event so it
11 doesn't really have much outreach outside of the Valley,
12 and that is -- as far as I know, the only way to the
13 1015 brand is being advertised other than individual
14 farms saying, hey, I'm selling 1015s, it's a good,
15 sweet-tasting onion.

16 Q. Okay. And then I think my last question is --
17 so there's been a lot of discussion about how state and
18 federal funding or even like people who just want to
19 donate could benefit the committee.

20 How do you see that money benefiting the
21 committee, like what -- what would it help the committee
22 do?

23 A. I think it would help us work with stores like
24 H-E-B and restaurant groups, help them put promotional
25 material together, like, you know, bins and displays in

1 stores and try and get our brand at the front and center
2 of the onion market at that time and with a way to let
3 the consumer know about that. I don't think any
4 retailer will just go out and do that on their own. I
5 think they want participation from the region as a whole
6 as well.

7 Q. Okay. Great. Thank you. That's all I have.

8 MS. FUHRMERSTER: Delaney Fuhrmeister for
9 the record.

10 CROSS-EXAMINATION

11 BY MS. FUHRMEISTER:

12 Q. Mr. Beckwith, have there been any specific
13 opportunities that have been missed due to not having
14 the authority for paid advertising?

15 A. Not that I know of in the past, but if we
16 don't, we won't have the opportunity in the future --
17 the ability to put those promotions in place.

18 Q. And do you believe that the whole industry
19 would agree with spending assessment dollars on paid
20 advertising?

21 A. I wouldn't say the whole industry. There are
22 individuals that oppose it, but I believe the majority
23 of the industry is in favor of it.

24 Q. Thank you.

25 MS. FUHRMERSTER: I have no further

1 questions, Your Honor.

2 MR. McFETRIDGE: Marc McFetridge with
3 USDA.

4 CROSS-EXAMINATION

5 BY MR. McFETRIDGE:

6 Q. Thank you, Mr. Beckwith. I have a couple quick
7 questions for you.

8 During this hearing, members have been
9 testifying that the average cost of production is around
10 \$8 per 50-pound bag.

11 Would you agree that that's a reasonable
12 average for what the cost of production would be?

13 A. Yes, I believe that is a good ballpark for the
14 firms down here to average out at. Some may be higher,
15 some may be lower, but I think that's a good average
16 number for the cost production for a bag of onions.

17 Q. All right. Thank you.

18 So you stated earlier that the mechanical
19 harvesting could possibly decrease the cost of labor by
20 a dollar per bag.

21 So would you -- so would it be reasonable
22 to assume that possibly that -- that total cost per for
23 a 50-pound bag could possibly see a drop down to \$7 with
24 mechanical harvesting, or would it be an even greater
25 decrease in cost of production?

1 A. It's dependent on the quality at the time. We
2 do some commercial mechanical harvesting right now and
3 it is about a dollar to harvest on the machine, but you
4 run into situations where it could be a greater return.

5 When you have onions that are of a smaller
6 size in the field, it costs more in labor to harvest so
7 when you start factoring in fields that don't meet --
8 you know, the jumbo, and you have more mediums and
9 prepacks because of a rain event that moved the water --
10 the fertilizer out of the root zone, you'll -- you'll be
11 probably saving two to three dollars on those 50-pound
12 bag components.

13 Q. All right. Thank you.

14 My last question is, so if approved, you
15 believe that these proposed amendments would help to
16 possibly increase grower returns, both small and large?

17 A. Yes, I do.

18 Q. Thank you.

19 MR. McFETRIDGE: I have no more questions.

20 MS. FUHRMERSTER: I have one more
21 question, Your Honor.

22 ARBITRATOR CARLOS: Okay.

23 MS. FUHRMEISTER: Delaney Fuhrmeister for
24 the record.

25

1 mechanical onion harvesting and develop the best
2 practice for growers to use and decrease the cost
3 production in the field and the package shed.

4 Q. Thank you.

5 MR. McFETRIDGE: No further questions,
6 Your Honor.

7 ARBITRATOR CARLOS: Okay. Thank you,
8 Mr. Beckwith. We appreciate your testimony. We
9 appreciate your time. Thank you very much.

10 MR. BECKWITH: Thank you.

11 ARBITRATOR CARLOS: Okay. Number 30 is
12 admitted into the record, if it wasn't already.

13 Okay. Step back up to the plate.

14 (Mr. Galeazzi takes witness stand.)

15 ARBITRATOR CARLOS: You are still under
16 oath.

17 Okay. I'm gonna be the first one to ask a
18 question. Go to Exhibit 29.

19 MR. GALEAZZI: Yes, sir.

20 Just a moment. I do want to clarify --
21 Will, I don't know if you heard the judge and the team,
22 but you -- your testimony has been entered and you are
23 done. Thank you, sir.

24 MR. BECKWITH: Thank you.

25 ARBITRATOR CARLOS: Okay. Exhibit 29.

1 MR. GALEAZZI: Yes, sir.

2 ARBITRATOR CARLOS: I see the current
3 text, STOC-proposed text.

4 MR. GALEAZZI: Yes, sir.

5 ARBITRATOR CARLOS: And MDD-proposed text.
6 Who is MDD?

7 MR. GALEAZZI: That would be USDA
8 Marketing Department Division -- no. Marketing
9 Development.

10 ARBITRATOR CARLOS: So they're the one who
11 then proposed changing the STOC-proposed text.

12 The way I read this, it says -- so you
13 have STOC-proposed text and that's in your letter from
14 October 30th. That's the text, the proposed text in
15 your letter from -- I think it's October -- June 8th,
16 2023.

17 MR. GALEAZZI: Correct, Exhibit 24.

18 ARBITRATOR CARLOS: And then -- so that's
19 your proposed text, but MDD then put in their proposed
20 text and that's the proposed text that made it into the
21 proposed rules.

22 MR. GALEAZZI: Actually --

23 ARBITRATOR CARLOS: STOC.

24 MR. GALEAZZI: Actually, sir, it appears
25 that Exhibit 9 -- the language on Exhibit 9 is even

1 slightly different from the MDD-proposed text --

2 ARBITRATOR CARLOS: Yes.

3 MR. GALEAZZI: -- on Exhibit 29.

4 ARBITRATOR CARLOS: Okay. So the bottom
5 line is that the proposed rules, that's the MDD-proposed
6 text --

7 MR. GALEAZZI: Yes.

8 ARBITRATOR CARLOS: -- in Exhibit 1, and
9 then Exhibit 9 is different language than the
10 MDD-proposed text; is that correct?

11 MR. GALEAZZI: Yes, sir.

12 ARBITRATOR CARLOS: Okay. I just want to
13 clarify that.

14 So what -- so I guess my question is which
15 rule -- which text or proposed text is SOTC -- or STOCs?

16 What are you -- what's your thoughts on
17 which rule or text should be adopted?

18 MR. GALEAZZI: In my opinion, based on
19 the -- based on conversationd that STOC have had, which
20 is in the Exhibits 19 through 29 that were entered
21 earlier, the intentions of those conversations over the
22 course of several years would reflect the proposed text
23 of STOC and that's what, in my opinion, I believe should
24 be entered because as we discussed earlier, it is
25 reflective of the committee's desire to ensure that

1 small producers' votes carry the same weight during
2 ballots or during continuation referendums.

3 ARBITRATOR CARLOS: Okay. Are you
4 opposed -- would you consider the MDD-proposed text a
5 reasonable compromise or something that you could live
6 with or is -- do you want the STOC-proposed text? You
7 favor that.

8 MR. GALEAZZI: Yes, sir. In my opinion,
9 I favor the proposed text simply because the
10 conversation, as identified in the minutes, clarified
11 where growers had concerns and where we reached
12 approval, and so I can speak as saying that language is
13 what got us approval, the other language does not appear
14 to maintain that same intent because as we had
15 discussed, it introduces -- in the example of Exhibit 9,
16 rather than "and" and "or" and the example of Exhibit
17 29, it does not appear to maintain that secondary
18 reference regarding acreage.

19 ARBITRATOR CARLOS: Okay. I just wanted
20 to clarify that.

21 So now we are back to whichever counsel
22 wants to question.

23 MS. CHILUKURI: Yes, Your Honor.

24 ARBITRATOR CARLOS: Okay. Go.

25

1 CROSS-EXAMINATION

2 BY MS. CHILUKURI:

3 Q. Mr. Galeazzi, you had said yesterday that the
4 committee was open to the proposed language in Exhibit
5 9, and based on what you've just said right now, my
6 understanding is that you prefer not to proceed with
7 that.

8 A. So to clarify, the -- the question proposed to
9 me by the judge was what is my opinion, and the question
10 that I'm hearing from you is yesterday, what is the
11 committee's intention.

12 So I just want to clarify here. Exhibit 9
13 as well, we did not see until today -- or I'm sorry. We
14 did not see til yesterday, and yesterday when I provided
15 my initial comments, I don't know that I was entirely
16 aware of the "and" and "or" having been the change, and
17 that is incredibly important.

18 And that one word I believe is why we
19 continue to discuss this particular language, again
20 referring to that STOC-proposed text that includes the
21 word "and," but Exhibit 9 exchanged that word for "or."

22 Q. Okay. And so some of my other colleagues may
23 be better versed in explaining that because taking a
24 closer look while we're on break, and it's sort of how
25 the provisions are structured, so some are talking about

1 if less than a certain number or volume favors something
2 and some -- Exhibit 9, for instance, talks about if
3 continuance is not favored by more than, so that
4 explains some of our confusion so I apologize if I
5 created any of that. So we just wanted to discuss that
6 and of getting that, of course, let us know and we
7 can --

8 A. If I can offer a thought in line with what your
9 comment is right now. So again, if you look at
10 Exhibits -- the minutes would be Exhibits 19 through 23,
11 you will look at several years' worth of meetings and --
12 and based on what I see in the minutes, it looks like at
13 the end of the conversation, the committee decided not
14 to change too much of the existing language and instead
15 only focused on changing the reference of a
16 supermajority to instead be 50 percent.

17 Q. Okay. So if I'm understanding correctly,
18 really the goal, which a lot of the testimony spoke to
19 this, is change that super majority to a simple majority
20 and keep the language as consistent as possible.

21 A. Correct.

22 Q. So that's why the STOC-proposal -- if you could
23 read that into the record, I would appreciate that just
24 so we're all clear as to what that is.

25 A. I'm sorry. Say that -- you said STOC-proposal?

1 Q. I'm sorry. STOC, S-T-O-C.

2 A. Oh, got it. That works. Okay. Apologies.

3 Okay. On Exhibit -- do you have a
4 preference on where I read the proposal from? Would you
5 like it to be the justification exhibit that we admitted
6 or Exhibit 29? Do you have a preference where I read
7 from?

8 My preference would be from the
9 justification since that was developed by the committee.

10 Q. Yes. That would be Exhibit 25?

11 A. Yes, ma'am.

12 So Exhibit 25 titled Proposed Amendment to
13 CFR Part 959. Continuation/Termination Language. At
14 the very top of page one it begins, revise subsection
15 959.84 termination to instead read: "the secretary shall
16 conduct a referendum within six years after the
17 effective date of this paragraph and every sixth year
18 thereafter to ascertain whether continuance is favored
19 by producers. The secretary would consider termination
20 of this part if less than 50 percent of the growers
21 voting in the referendum and growers of less than 50
22 percent of the volume of onions represented in the
23 referendum favor continuance."

24 Q. Thank you. And I see reference to less than 50
25 percent. I've heard different witnesses talk about

1 51 percent and how that language should be modified to
2 account for that.

3 Would the committee -- will you be open to
4 that? Do you understand the change that we're
5 proposing?

6 A. I do. Hang on just a second, though. I want
7 to go back to Exhibit 19, page three, that -- that third
8 arrow, second white bullet point that we had read in
9 earlier. I apologize. The first bullet point that we
10 had not read into the record.

11 And what you will see in that paragraph is
12 that the committee discussed 50 versus 51 percent in
13 that language, and I believe that discussion helped give
14 us -- ultimately, to Exhibit 24 -- or I'm sorry.
15 Exhibit 25.

16 Q. So can you explain -- explain it more because
17 you're referring to language, but I'm not sure I
18 understand the language.

19 A. Sure. Sure.

20 So what we are seeing in reference to the
21 minutes is that the committee looked at the language and
22 had a discussion, deciding where do we want to go with
23 the percentage of votes to improve how the continuation
24 referendum is conducted.

25 As a result of that conversation, you can

1 see there are two principal bullet points that emerged
2 in the minutes. Now, what happened is that conversation
3 and those bullet points would ultimately lead, along
4 with other conversations, to Exhibit 25 where -- if you
5 go to -- on the first page, that fourth paragraph --
6 point number one, what is the purpose of this proposal,
7 the fourth paragraph.

8 You will see, it reads, "during
9 conversations at a May 2024 meeting, the committee
10 considered various options for reaching a, quote, simple
11 majority, unquote, such as whether the threshold should
12 be 50 percent plus one," not 51 percent, but plus one.
13 "Or whether it should be by volume only. Ultimately,
14 the motion was made to move forward with this proposal
15 as simply greater than 50 percent."

16 Q. Okay. So you say that because it is simply
17 greater than 50 percent -- that's quoting.

18 A. Correct.

19 Q. But if you look at the language above, the
20 language we previously read into the record.

21 A. Correct.

22 Q. It's flipped, right? So you're talking about
23 if less than 50 percent, and that's why we are proposing
24 we make it 51, to make clear -- and again, this is where
25 it's easy to structure it in different ways.

1 A. Sure.

2 Q. And let us know --

3 A. Let me -- yeah. Let me -- let me provide a bit
4 of context from a non-lawyer or non-legal person.

5 As the community, we discussed our
6 intention to get to that greater than 50 percent. With
7 that said, we also recognize the way the language was
8 currently written, which is the language in the current
9 regulatory text, if you refer to Exhibit 1 or Exhibit
10 29, uses that less than language.

11 That is why the committee decided, okay,
12 we believe, based on our years of conversations, that
13 the easiest way to reach our objective is to use the
14 bulk of the existing language and simply change where it
15 said two-thirds to instead read that 50 percent.

16 Did I explain that well? I think that was
17 quite a lengthy answer so I don't know if I --

18 Q. So my understanding is you've taken the
19 language that you currently have --

20 A. Correct.

21 Q. -- and you literally just changed it.
22 Everything is the same. You just changed the threshold
23 portion.

24 A. Yes, ma'am, that is correct.

25 Q. All right. Let me --

1 A. We figured that would make -- and I apologize.
2 I'm going to summarize two years of conversations on
3 this topic.

4 The conversations were such as we were
5 looking at achieving our goal with the easiest and most
6 directive mechanism. That is why we felt like if we
7 would not be trying to pursue lengthy, long language
8 changes, we might have more success and that's also part
9 of why we focus that on, okay, let's just change
10 two-thirds to instead be that 50 percent.

11 MS. CHILUKURI: We're trying to just
12 refine the language, make sure we're all good, you're
13 good.

14 ARBITRATOR CARLOS: This is all good.
15 Take your time. No pressure.

16 Does anybody else have any questions?

17 MS. CHILUKURI: We're trying to -- we're
18 trying to make sure all our --

19 ARBITRATOR CARLOS: No, this is all good.

20 MR. HARMON: Kerry Harmon for the record.

21 CROSS-EXAMINATION

22 BY MR. HARMON:

23 Q. Mr. Galeazzi, from my understanding -- and I
24 want to understand it from your perspective as well.

25 The current read text as it -- as it

1 states, would you say that it would need both growers
2 and volume in order to terminate?

3 A. I don't -- I don't think that -- I don't think
4 the question was fully -- fully represented.

5 Q. Sure.

6 A. Because what I heard is, do I need both growers
7 and volume to terminate.

8 Q. Do you need both growers -- two-thirds of
9 growers --

10 A. Uh-huh.

11 Q. As well as growers of less than two-thirds,
12 less than two-thirds and growers less than two-thirds of
13 volume in order to terminate.

14 Do you need both of them in order to
15 terminate?

16 A. So I'm just going -- I'm going to include part
17 of the question in my answer just to make sure I'm
18 understanding what you're asking.

19 Q. Sure.

20 A. So the way I read this is that if -- if
21 two-thirds of the acreage and two-thirds of the growers
22 are represented in a referendum ballot and those -- and
23 both thresholds have been met and we fail to pass the
24 continuation referendum, then, yes, it is my
25 understanding that that language provides a secretary

1 with the opportunity to make the decision that the
2 growers do not favor the continuation.

3 So specific -- and I want to point
4 something out. This says that he would consider
5 termination, so I just want to --

6 Q. Sure.

7 A. That is why I'm saying it this way.

8 Q. So you would need both thresholds in order to
9 terminate, in order for the secretary to consider
10 termination?

11 A. That's how I read this, yes, sir.

12 Q. Perfect.

13 Is it your understanding that based off of
14 your proposed text, that you would need both thresholds
15 in order to -- in order for the secretary to consider
16 termination?

17 A. That is correct.

18 Q. Is it your understanding that the only thing
19 that's being changed from the previous or the current
20 read text is changing it from the two-thirds threshold
21 to a simple majority?

22 A. Okay. So I'm going to ask you to clarify.

23 When you say, we are changing it to, are
24 you referring of the STOC proposal? Are you referring
25 to the MDD-proposed text in Exhibit 29? Are you

1 referring to the text in Exhibit 9?

2 Q. STOC's. STOC's understanding of what they're
3 wanting.

4 A. STOC?

5 Q. STOC.

6 A. So that is correct. The STOC proposal only
7 changes where two-thirds is identified in the text to
8 instead read 50 percent.

9 Q. Perfect.

10 In the MDD text for Exhibit 9 currently --

11 A. Okay.

12 Q. Would you agree that this is stating -- and
13 I'll give you a chance to reread this.

14 A. Sure.

15 Q. That this is stating that it would still need
16 both those -- both growers as well as the growers of the
17 volume of production in order to terminate?

18 A. No, I do not read it that way, and the reason I
19 do not read it that way is because when you get to where
20 the two groups are mentioned in the second sentence,
21 rather than using the word "and" to identify the second
22 group it begins with "or" to identify the second group
23 which, in my opinion, means you are looking for either
24 one of those thresholds, not both thresholds.

25 Q. Absolutely. And can I ask you to read that

1 again, and I want to mention -- make one small note.

2 A. Yes, sir.

3 Q. While the "and" and the "or" does change, one
4 versus the other mentions favor and not favored.

5 If you can read that and see if that
6 changes anything in your understanding of what that
7 means.

8 A. Give me just a moment.

9 Q. Absolutely.

10 A. Okay. So there was two parts to your question.
11 I would like to begin with the second part because
12 that's what fresh in my mind.

13 So I will point out that Exhibit 9 has a
14 diction change, which does, in fact, in my opinion,
15 change the direction of the sentence because if you look
16 at the current and proposed text, the language does not
17 have not favor. Instead, it says -- sorry. Let me
18 rephrase this.

19 The language in Exhibit 9 differs from the
20 language in both the regulatory and the existing text
21 and the proposed text in the sense that it changes from
22 using terms like less than to instead being not favored
23 by more than. So you can see how your diction is going
24 to change in the ultimate direction of that sentence.

25 Q. Absolutely. And thank you for that.

1 With that understanding --

2 A. Yes, sir.

3 Q. Does Exhibit 9 align, although wrote
4 differently, align with STOC's-proposed read text?

5 A. Again, it does not because when you get to the
6 portion of the sentence where you distinguish the two
7 groups, your connector is the word "or" rather than the
8 word "and."

9 Q. Would termination -- and this is how we
10 understand it and I want you to follow with me.

11 A. Sure.

12 Q. Just to make sure on the record that I'm
13 understanding --

14 A. No worries. Take a moment. You're good.

15 Q. My understanding of this, the secretary could
16 consider termination if continuance is not favored by
17 more than 50 percent of growers or more than 50 percent
18 of the volume of onions represented thereby.

19 A. That is also how I read Exhibit 9. So I'm
20 going to repeat it just to make sure I heard your
21 question correctly.

22 I understand Exhibit 9 as that the
23 secretary would have the power and authority to
24 discontinue Federal Marketing Order 959. It's either
25 one, less than 50 percent of the growers did not support

1 continuation or less than 50 percent of the acreage
2 represented does not favor continuation.

3 Q. Okay.

4 A. Does that answer your question?

5 Q. Yes.

6 MR. HARMON: No further questions.

7 MR. McFETRIDGE: Marc McFetridge, USDA.

8 CROSS-EXAMINATION

9 BY MR. McFETRIDGE:

10 Q. If we could go back to Exhibit 25.

11 A. I have it here.

12 Q. So looking at the language that is proposed by
13 the STOC.

14 A. Yes, sir.

15 Q. It referenced less than 50 percent.

16 A. That is correct.

17 Q. So the way the vote would work, it's a yes or
18 no, correct? Either in favor to terminate or in favor
19 to continuance?

20 A. Excellent question. Since I am not a producer,
21 I do not actually receive or see a ballot. I believe,
22 though, it is as simple as a yes or no.

23 Q. Okay. All right.

24 So based on the 50 percent referenced in
25 the revised language --

1 A. Uh-huh.

2 Q. Would you say this is correct that at any point
3 the vote is between 0 and 49 percent, that vote would
4 trigger the procedure to terminate?

5 A. It could, yes, is how I read this.

6 Q. All right.

7 A. Now, just to clarify, when you say "less than
8 50 percent," we are talking about both grower and
9 acreage.

10 Q. Exactly.

11 A. Okay.

12 Q. So this would include both.

13 A. Got it.

14 Q. Now, on the reverse side, because now for it to
15 proceed to termination for both by number and by volume,
16 it's 0 to 49 percent, okay?

17 A. Okay.

18 Q. Okay. You understand that.

19 Now, on the reverse -- because we are
20 dealing with 0 to 100 hundred percent, correct?

21 A. Yes, that is correct.

22 Q. So the language as stated would allow
23 50 percent to 100 percent to allow for continuation.

24 A. Yes, sir.

25 Q. What happens if you get the 50 percent? Is it

1 in favor or it is -- is it in favor to continue or is it
2 in favor to terminate?

3 A. The way I read this would be -- give me just a
4 second.

5 If you had 50 percent, then it would pass.

6 Q. But is that an accurate statement, saying that
7 you know for sure that that's what people would want?

8 If we were split down the middle as a
9 vote, which side is right?

10 A. So again, I will defer to exhibit -- and I
11 apologize. Bear with me just a minute. I think it is
12 19. There you go.

13 If you look at Exhibit 19, page three,
14 third arrow, second white bullet point.

15 Q. Yep.

16 A. The committee's recommendation is where we
17 receive that language.

18 Q. That is correct. But -- so I'm asking if we
19 hit just 50 percent.

20 A. Correct.

21 Q. How would we know if it's in favor or if
22 they're opposed.

23 A. So as you -- as you pointed out, at 50 percent,
24 it would fall into the favored -- or I'm sorry. It
25 would give the secretary the indication that there is --

1 I'm sorry. I'm trying to make sure I phrase this
2 correctly.

3 At 50 percent, it would indicate, based on
4 the language, a vote in favor of continuation of the
5 federal marketing order, is that -- that was the
6 question, right?

7 Q. (Head nod.)

8 A. Okay. Thanks.

9 Q. So based on the language that you guys have
10 written, that it's no longer a majority, it could be
11 either half or majority.

12 A. I don't know if that's a question or a
13 statement.

14 Q. Would you say that would be accurate?

15 A. Yes, I would.

16 Q. So if half of the growers agree, the number and
17 volume or greater than half, then the full -- or
18 continue -- or the referendum would continue with the
19 marketing order.

20 A. Correct.

21 Q. All right. Just before -- and I know that this
22 is the language that was proposed by the committee.

23 Do you know, just from your personal
24 experience working with committees and things, if you've
25 ever got a 50 percent vote, has it ever passed a motion?

1 A. So I can say that in the various bylaws we have
2 for the committee, we are sure to identify a tiebreaker
3 vote so that way if it does arrive at 50 percent, there
4 is always the ability to break the tie.

5 Q. So now, if that's part of bylaws, do we need to
6 add that possibly in, if the secretary -- is that your
7 intention, is now the secretary is that --

8 A. So I will say this -- and this is -- I'm going
9 to -- this is, again, in my opinion, the bylaws are a
10 product of the community, which is the product of the
11 marketing order.

12 So I would hesitate to draft the marketing
13 order in accordance with the bylaws and instead say that
14 the bylaws should be directing -- I'm sorry. I would
15 rather that the marketing order be directed how the
16 bylaws are written instead of the bylaws directed how
17 the marketing order is written.

18 Q. So. And so to make consistency --

19 A. Yes.

20 Q. So you're saying the way that marketing order
21 would be written -- so this would be part of the market
22 order, how it's written, if corrected, propose -- and
23 this language proposed from the STOC, correct, this
24 would now dictate that at 50 percent vote, anything
25 could pass?

1 A. So I see what you're saying. Yes, the language
2 put forward by the STOC could be better in the sense
3 that it needs to identify that threshold above 50
4 percent.

5 Q. Okay.

6 A. I will point out, though, if you look at,
7 again, Exhibit 19 and Exhibit 25, you could see that we
8 worked and debated on the language to try to show that
9 we just wanted a simple majority.

10 Now, I will say this, that in the points
11 that you have put forward, it looks like we should have
12 elaborated further in identifying on what you just
13 identified, that language only gets 50 percent, not -- I
14 believe the term we used in our justification was
15 50 percent plus one.

16 Q. So in the justification, the language, you
17 didn't carry forward 50 percent plus one?

18 A. Correct, we did not carry for the simple
19 majority. Yes.

20 Q. Now, after getting through that, would you say
21 that the language as written for termination is now
22 slightly confusing because now you're allowing for a
23 vote of 50 percent for continuance that could now be
24 passed on to, as precedents in your bylaws, as you guys
25 vote for motions as a committee, that that could carry

1 confusion?

2 A. No, I would not say it's confusion. I will
3 say, though, that this language -- I will say, though,
4 that the 50 percent or the way that the language is
5 being proposed could be better written to reflect the
6 justification in Number 25, which we are looking to get
7 the greater than 50 percent.

8 Q. Okay.

9 A. I will point out, I believe part of what led to
10 this -- what led to the language that we have, is,
11 again, as I pointed out, we were looking to modify the
12 existing language as little as possible. So as to -- as
13 Kerry pointed out, that the use of the less than perhaps
14 led to a disposition where we're now 50 percent instead
15 of a simple majority.

16 Q. Would you say that -- I think you kind of
17 stated that already, but to keep similar to the mindset
18 the committee had, to keep it as simple as possible,
19 modifying as few parts of the order as you could.

20 A. Uh-huh.

21 Q. Would you say that maybe changing the less than
22 50 percent to less than 51 percent would probably
23 provide a, I guess, less of a loophole that could
24 possibly create headaches in the future?

25 A. That's a great question. But being that I only

1 oversee the STOC, I could not say that with certainty.
2 I would defer to the expertise of USDA's MDD to guide us
3 in what -- what that scenario looks like, how those
4 situations play out and perhaps how it could be avoided.

5 Q. That answers my question. Thank you.

6 MS. CHILUKURI: Your Honor, can we take a
7 break for five minutes, if we could step out?

8 ARBITRATOR CARLOS: Yes, you can step out.

9 MS. CHILUKURI: Thank you.

10 (Off record.)

11 ARBITRATOR CARLOS: All right. Back on
12 the record.

13 MS. CHILUKURI: Thank you, Your Honor. We
14 don't have any more questions for Mr. Galeazzi.

15 ARBITRATOR CARLOS: Okay. All right. So
16 let's go through -- I have Exhibits 1 through 30 that
17 have been admitted to evidence, correct?

18 Okay. Everyone agree with that?

19 MS. CHILUKURI: Yes.

20 ARBITRATOR CARLOS: Is there anything
21 administratively to put on the record?

22 MS. McMURTREY: Yes. I think we need to
23 talk about a breaking schedule and I think that --
24 similar to what we have done in the past is to have a
25 briefing 20 to 30 days from the date of the

1 certification of the transcript.

2 ARBITRATOR CARLOS: Okay.

3 MS. CHILUKURI: We are also speaking to
4 transcript corrections, Your Honor.

5 So I guess Mr. Galeazzi or STOC would look
6 at those as well for any transcript corrections.

7 So two weeks. Would that work?

8 ARBITRATOR CARLOS: So once you receive
9 the transcript, both parties get it. They have two
10 weeks to do corrections from the date of receipt of the
11 transcript.

12 MS. CHILUKURI: Yes.

13 ARBITRATOR CARLOS: Okay. Then it comes
14 to me and I certify it?

15 MS. CHILUKURI: Yes.

16 ARBITRATOR CARLOS: And then how many
17 weeks -- a month? After 30 days?

18 MS. McMURTREY: 30 days for review.

19 ARBITRATOR CARLOS: 30 days after I
20 certify the transcript, briefs, if any, are due.

21 MS. McMURTREY: Yes, Your Honor.

22 MR. GALEAZZI: That would work for us.

23 ARBITRATOR CARLOS: Okay. That's the
24 briefing schedule.

25 Anything else?

1 MS. CHILUKURI: No, I don't think so, Your
2 Honor.

3 ARBITRATOR CARLOS: Okay. Let's wrap it
4 up. This is the end. Thank you. It's been a pleasure.
5 Yeah, I'll leave it at that. It's been a pleasure.
6 Thank you very much.

7 Mr. Galeazzi, please thank all the
8 witnesses that you had testify. They were very
9 professional and very great witnesses and I appreciate
10 all their time and energy.

11 And I appreciate everybody, both sides,
12 counsel and the representatives of STOC, all the hard
13 work that went into this and I learned a lot about
14 Texas. Thank you very much. It's been a pleasure.

15 Hearing is now closed.

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1 STATE OF TEXAS
2 COUNTY OF HIDALGO

3

4 I, Catherine Carreon, Court Reporter in State of
5 Texas, do hereby certify that the above and foregoing
6 contains a true and correct transcription of all
7 portions of evidence and other proceedings requested in
8 writing by counsel for the parties to be included in
9 this volume of the Reporter's Record in the above-styled
10 and numbered cause, all of which occurred in open court
11 or in chambers and were reported by me.

12 I further certify that this Reporter's Record of the
13 proceedings truly and correctly reflects the exhibits,
14 if any, offered by the respective parties.

15

16

17

18 Witness my official hand this 26th day of February,
19 A.D., 2026.

20



21

Catherine Carreon, CSR
Texas CSR 12588
Expiration 1/31/2028

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