

August 2, 2016

TO: Maureen Whalen, Richard Percy, Peter Bretting, Roy Scott, Michael Grusak,
Larry Chandler, Deborah Brennan. Eric Young, Dave Byrd, and Kater Hake

From: Don Jones

Date: August 2, 2016

On Thursday July 28, 2016 a meeting was held at USDA Headquarters in Beltsville to bring participants up to date on the Cotton Winter Nursery (CWN). Participants included: Maureen Whalen, Richard Percy, Peter Bretting, Roy Scott, Michael Grusak, Larry Chandler, and Deborah Brennan from USDA, Eric Young from SAAESD, and Dave Byrd, Kater Hake, and Don Jones from Cotton Incorporated. Larry and Deborah participated via phone call-in.

The topics presented by Don Jones included the CWN history, the current status in re-establishing to Costa Rica, and budget data. Richard Percy summarized the past 7 years regarding summer and winter seed increases of accessions in the National Cotton Germplasm Collection (NCGC). The combined presentation consisted of 19 slides. Questions were answered as they arose, discussion continued at the conclusion of the presentation, and key points are captured below.

Due to the photoperiodic nature of 35-40% of the NCGC, a suitable short day environment is required for seed increase. Performing this operation in a glasshouse is not feasible, hence the need for a CWN that provides a means for effective seed increase (selfing) and characterization of planted accessions. Costa Rica was identified as the best site to relocate from Mexico based on a suitable growing environment, affordable costs, and safety. An experienced manager was hired under contract with Cotton Incorporated and successfully produced our first nursery near Liberia, Costa Rica. Generous assistance was provided by private industry regarding key agricultural contacts, field and office establishment, crop husbandry, and delinting of seed. Other than gins which were relocated from Mexico to Costa Rica, every field and office item needed to operate a winter nursery has been purchased during the past 18 months. This was possible due to the generous USDA contribution of \$500,000 to help relocate from Mexico to Costa Rica. Expenses to date were summarized along with expected purchases using the same pool of funds through the end of the 2017 season.



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That amount is estimated to be \$378,000, with the remaining \$122,000 reserved for expenses to be incurred before August 2019, the end date of the agreement between USDA and Cotton Incorporated.

Projected budgets were covered showing expected expenses and income for the next three growing seasons. Compared to the previous decade of Mexico nurseries, overall expenses are estimated to be 50% less primarily due to significant savings in manager compensation, building and land rental, and field labor. Still, there are fixed and variable CWN expenses that must be covered from expected income. A request was made to share fixed costs estimated to be \$100,000 per year between the three parties present as follows: Cotton Incorporated \$50,000 and the remaining \$50,000 split between USDA and SAAESD. Variable costs are to be covered by users of the CWN. Discussion ensued about the appropriate model to cover both fixed and variable costs.

At the conclusion the attendees did not come to a consensus on how to move forward on the CWN, so other options will be studied.

