

**U.S. Highbush Blueberry Council
Meeting Minutes
March 3, 2007**

USHBC Chairman Mark Hurst called the meeting of the U.S. Highbush Blueberry Council to order at 8:15am on Saturday, March 3, 2007. The following USHBC members, as well as USDA representative Rafael Manzoni and USHBC staff members Mark Villata and Mary Nezbeth, attended the meeting, held at the Hilton Walt Disney World, in Orlando, Florida:

Dave Brazelton (Region 1)	Mark Hurst (Oregon)
Ron Bodtke (Region 2)	Neil Moore (North Carolina Alternate)
Dave Arena (Region 3)	John Shelford (Importer Member)
Ken Patterson (Region 4)	Francisco Allende (Handler Member)
Bob Carini (Michigan)	Amy Howell (Public Member)
Tim Wetherbee (New Jersey)	Mike Makara (Exporter Member)

The first order of business was the approval of the minutes from the last Council meeting held on October 7, 2006. Mark Hurst moved, with a second from Mike Makara, to approve the minutes as written. The motion carried.

The second agenda item was an update from the USDA Agricultural Marketing Service (AMS). Rafael Manzoni discussed how the AMS staff had been restructured since the last USHBC meeting and that he was pleased to now be reassigned to the USHBC as the USDA Marketing Specialist. He noted that Debbie Simmons will continue to be involved in blueberry matters as she will be the AMS backup to Manzoni on blueberries. There were no other updates from the USDA to report at this time.

Agenda item number three was a discussion of the updated USHBC nomination and election procedure for importer, exporter, handler and public member and the selection of the USHBC handler member and alternate to be seated January 1, 2008. Based on discussion at the last Council meeting, the USHBC Industry Relations Committee will now serve as a Nomination Committee for the USHBC recommending candidates for these four positions. The Industry Relations Committee will also be involved in recommending USHBC officers. The election timeline has been modified so that all activities are completed and new members are appointed by the Fall Meeting so that they will be able to assume their duties by January 1 of the next year (see Exhibit #1). Prior to this meeting the Industry Relations Committee completed its nomination procedure for USHBC Handler Member and Alternate to be seated January 1, 2008 for the 2008 to 2010 term and recommends Paul Macrie (*Macrie Brothers Farm, New Jersey*) as USHBC Handler Member; Guy Cotton (*OG Packing/Grower Direct, California*) as USHBC Handler Alternate; and Stan Crafton (*Vital Berry Marketing/Guimarra, Colorado*) and Mark Greeff (*Driscoll's, California*) as the required two additional candidates for consideration by the Secretary. Tim Wetherbee moved, with a second from Ron Bodtke, to approve and elect this slate of nominees for USHBC Handler Member and Alternate. The motion carried and staff will now report these election results to the Secretary of Agriculture for official appointment.

Mark Villata raised some questions on data to be used in the future in identifying the top six production states for positions on the Council given the revised timing of our elections. John Shelford moved, with a second from Art Galletta, that staff discuss this issue with the USDA and see if any modifications may be needed in our average production calculations. The motion carried.

The fourth agenda item was the nomination and selection of USHBC officers for 2007. As the USHBC has yet to receive the press release from the Secretary of Agriculture announcing newly seated regional members, importer, exporter and public member the Council tabled this action and decided to continue with the current slate of officers until the next USHBC meeting this October when new officers will be appointed. As previously noted, the USHBC Industry Relations Committee will develop a list of officer candidates for the October meeting.

Agenda item five was the 2006 USHBC audit report and committee reports and recommendations. Finance Committee Chairman Mike Makara noted that Michael Tate from the accounting firm of Tate, Propp, Beggs and Sugimoto (TPB&S) of Sacramento met with the Finance Committee and discussed their audit results. Tate noted that the USHBC had received a clean report from the auditors in all their tests. The statement of financial position report shows that unrestricted net assets at the end of 2006 total \$609,930 compared to \$693,472 at the same time the previous year. The audited statement of cash flows shows cash at the end of 2006 totaling \$2,307,443 compared to \$2,157,543 at the end of 2005. A copy of the 2006 audit will be sent to all USHBC members following this meeting.

Makara then reviewed the 2006 USHBC balance sheet and the final 2006 expenditure report noting the USHBC cash position as of the end of 2006 is +\$149,900 greater than the total at the same time last year (\$2,307,442 versus \$2,157,542). Assets total \$2.4 million this year compared to \$2.2 million last year while liabilities total \$1.8 million compared to \$1.5 million in 2005 (see Exhibit #2). The USHBC spent 83% of the budget in 2006 (\$2,290,897 spent versus a budget of \$2,749,177). Income in 2006 was up +\$286,324 primarily due to increases in USDA Market Access Program (MAP) receipts. All categories came in under budget with the exception of Travel and Meeting Expenses due to increased costs for officer and member travel (see Exhibit #3). He noted that Mark Villata had reallocated marketing versus administrative percentages as previously directed by the committee and based on these revisions the USHBC spent 87% of the budget on marketing related costs (\$1,984,851) and 13% on administrative activity (\$306,046).

The committee reviewed 2006 domestic crop assessment collections received to date to fund the 2007 program noting that a total of \$1,515,000 has been collected which accounts for 97% of the currently estimated crop. The committee had also discussed the current estimate of \$460,000 to be collected from import assessments in calendar year 2007. Based on 2006 collections, the committee decided to increase estimated import dues receipts to \$550,000. With this modification the committee now estimates a total of \$2,817,365 available for 2007 (Cash in the Bank as of 1/31/07 totaling \$2,138,435 plus \$550,000 in anticipated 2007 import assessments and \$128,930 in USDA MAP program allocations).

Based on 2006 expenditures and our final USDA MAP allocation for 2007, the committee had made some minor adjustments to a few of the line items in the previously approved 2007 budget and, with a revised level of 2007 funds available now totaling \$2,817,365, also recommends that a

new category for *Food Safety* be added to the 2007 budget at \$50,000 and that this category be considered a 100% marketing related cost. *Market Promotion Reserve* should also be increased to \$300,000 and an additional \$110,020 should be added to *Uncommitted Reserve* (including a donation of \$50,000 from the Chilean Exporters Association to enable the USHBC to conduct increased winter blueberry promotions in the first quarter of 2007) resulting in a 2007 budget of \$2,867,365 as detailed in Exhibit #4.

Makara also reported that the Finance Committee had discussed the remaining balance of \$31,351 in outstanding 2001 and 2002 import assessments still being carried on the USHBC books. Based on recent feedback received from the USDA that indicates that it will be very doubtful that these funds could be recovered, particularly in the case of outstanding funds from foreign firms, the Committee recommends that the Council write-off this remaining balance as uncollectible and that the USHBC send a letter to the USDA voicing our concern about this issue and the support we received in trying to pursue this outstanding balance. Makara then moved, with a second from Art Galletta, for acceptance of the Finance Committee report and recommendations. The motion carried.

USHBC Research Committee Chairman Dave Brazelton provided his committee report noting that the committee presently has five research projects that have been completed or are nearing completion. Two of these projects deal with food safety and will be handed over to the newly appointed USHBC Food Safety Committee. He mentioned that bone density and cerebral palsy related studies did not offer strong results, however there have been some interesting preliminary findings related to vision. Brain related studies currently being conducted by Dr. Joseph and Dr. McGuire thus far appear to be showing encouraging results to date as well. The committee had conducted a request for proposals this year and considered a total of eight new research projects. After review the committee has selected three of these projects, which deal with diabetes related issues, for funding. The committee is also soliciting an additional research project from a diabetes research center and may also be receiving a new vision related study for consideration. He reported that his committee had discussed the possibility of looking at "food and drug interactions" and will investigate the cost of doing this type of research for blueberries as well. He noted that the \$300,000 currently carried as reserve in the Research Committee budget has yet to be fully committed at this point, but should be allocated shortly once all new studies are finalized and agreements are signed.

Brazelton mentioned that the blueberry powder developed by his committee for use by researchers has been in great demand and that the committee will be developing a protocol or guidelines on who will be eligible to receive the product and how much will be distributed. He also mentioned the need to discuss health messages with the USDA to see how the Council can effectively use research information in our publicity activities. The possibility of sending a team to the USDA in Washington DC to meet with nutritionists who screen USHBC materials was suggested.

Brazelton ended his report by discussing the contributions Amy Howell has made as the USHBC Public Member and as a member of the Research Committee. Though her term as public member is drawing to a close, Brazelton noted that the Committee will continue to benefit from her guidance as the public member alternate. Those in attendance gave thanks to Howell for all her work.

USHBC Industry Relations Committee Chairman Francisco Allende provided a report from his committee. He discussed once again how the Industry Relations Committee would serve in the recommendation of nominees for exporter, importer, handler and public member and USHBC officers. He stated that his committee recommends that the terms for USHBC Executive Committee officers remain as currently detailed in the USHBC by-laws with one year terms and no term limits. The Industry Relations Committee will develop a list of recommended officers each spring for presentation to the Council for vote at each Fall meeting.

He reported that his committee had reviewed future USHBC meeting locations and continues to recommend Biloxi, Mississippi as the site for the February 27 and February 28, 2009 USHBC meeting. His committee has also reviewed revised meeting dates to accommodate Canadian Thanksgiving and the yearly PMA meeting and selected additional locations to the year 2013. The committee recommends meetings in Dallas and Atlantic City in 2011; San Francisco and St. Louis in 2012 and Branson, Missouri in early 2013 (see Exhibit #5).

Allende noted that his committee had reviewed an international blueberry acreage survey proposal from Cort Brazelton of Brazelton Agricultural Consulting (BAC) and recommends approval of this study at a total of \$15,865. His committee had also discussed the current Crisis Management Plan and will continue to work on the update of this plan until the USHBC Food Safety Committee is up and running. At that time the plan will be turned over to the USHBC Food Safety Committee for maintenance. Allende reported that his committee had reviewed a procedure to screen and evaluate requests for seminar and grower meeting sponsorships and determination of funding levels. The evaluation procedure is based on USHBC strategic goals and will be updated to reflect any revised goals that may be put in place based on our strategic plan update this year. He further stated that his committee had discussed proposed sponsorship of the July 2008 International Vaccinium Conference to be held in Corvallis, Oregon and agrees that this would be a worthwhile effort for the USHBC. He is therefore asking that the Council allocate an additional \$10,000 to the Industry Relations Committee 2007 budget to cover the sponsorship fee. He also mentioned that the committee would like to organize a group of USHBC members to attend the conference and set up a formal meeting with representatives from other countries to discuss the international blueberry industry.

The Industry Relations Committee had also reviewed and will proceed with a plan suggested by Mark Villata to publicize USHBC assessment exemptions for organic blueberry growers and to encourage organic growers to continue to support and participate in the USHBC. The committee had also discussed the possibility of working with U.S. Customs to develop tariff codes for imported products such as dried blueberries, blueberry concentrate and puree so that import assessment funds could be levied on these products in addition to fresh and frozen blueberries. Staff will explore this opportunity.

The discussion turned to how to encourage new industry members to take part in the USHBC. Beverlee DeJonge offered to work on a history and background piece on the USHBC that could be used in "orientation meetings" for new industry members that could be held in conjunction with our USHBC meetings. Growers could be contacted in advance and invited to attend the orientation meeting as well as the formal USHBC meetings to gain a better knowledge of the Council and hopefully encourage their participation. The Industry Relations Committee will continue discussion of this possible activity and consider a plan of action.

At the close of his report Francisco Allende moved, with a second from Mike Makara, that the USHBC fund the proposed international acreage survey at \$15,865 and the motion carried. He then moved, with a second from Mike Makara, that the USHBC allocate an additional \$10,000 to the USHBC Industry Relations Committee budget to allow for sponsorship of the 2008 International Vaccinium Conference. The motion carried.

The Council then discussed the formation of a USHBC Food Safety Committee. Given the overall consensus on the importance of this issue Bob Carini moved, with a second from Dave Arena, that the USHBC establish this committee and the motion carried. Chairman Hurst will begin identifying Council and industry members to serve on this newly established committee with the goal of having the committee in place by our next Council meeting.

A continued discussion on the importance of communication with the international blueberry community followed. Given this consensus Ron Bodtke moved, with a second from Art Galletta, that the USHBC explore the possibility of establishing a yearly international blueberry industry meeting. The motion carried and Chairman Hurst will set up a USHBC subcommittee to work on this project.

The meeting moved on to a report from the USHBC Promotion Committee. Committee Chairman Kirk McCreary introduced Ruth Lowenberg and Kathy Blake from Lewis & Neale Public Relations who provided an update on 2006 consumer and foodservice activities and the program in place for 2007 (see minutes from the USHBC Promotion Committee meeting of March 2, 2007). McCreary then introduced Tom Payne from TJP Market Development who provided an update on 2006 food manufacturer publicity activities and the 2007 program as well as an update on the 2007 USHBC export market promotion program (see minutes from the USHBC Promotion Committee meeting of March 2, 2007). At the end of these presentations McCreary provided a report and recommendations from the USHBC Promotion Committee noting that his committee had continued to discuss the export market promotion program and funding through the USDA Foreign Agriculture Service (FAS). Based on the administrative time and costs involved in the program, the reduced funding the USHBC is receiving and program restrictions, the committee feels it best that the USHBC pull out of the program at the present time. Export market promotion will now be funded with USHBC funds and we will cooperate with various state and regional export market promotion programs in their activities as a way to extend our budget.

He reported that his committee had discussed the Produce for Better Health Foundation (PBH) "Campaign for Children's Health" program and recommends that the USHBC be a sponsor of this five-year program at the \$10,000 per year level. The program will run from 2007 to 2011. He noted that the committee had reviewed additional program options for 2007 presented by Lewis & Neale PR and TJP Market Development and, given the additional funds allocated by the Finance Committee for 2007 promotional activities, recommends the following:

- An additional \$130,000 be added to the Consumer/Foodservice Publicity budget bringing this budget to a total of \$680,000.
- An additional \$12,000 be added to Food Manufacturer Publicity bringing the 2007 budget to a total of \$262,000

- The remaining funds will be maintained in reserve pending possible expansion of the magazine advertising schedule or other promotional options to be considered by the committee at a later date.

Based on these revisions, the market promotion budget for 2007 will now total \$1,431,930 allocated as follows:

Consumer/Foodservice Publicity	\$680,000
Food Manufacturer Publicity	\$262,000
USDA MAP Export Program (USHBC \$)	\$ 50,000
USDA MAP Allocation (USDA \$)	\$128,930
Magazine Advertising	\$123,000
Berry Nutraceutical Seminar	\$ 15,000
Market Research/Strategic Plan	\$ 15,000
PBH Children's Health Campaign	\$ 10,000
<u>Reserve</u>	<u>\$148,000</u>
Budget Total	\$1,431,930

McCreary reported that the committee had once again discussed and approved the hiring of Lewis & Neale Public Relations by the British Columbia Blueberry Council to conduct public relations activities on behalf of the BC Council in Canada. The BC Council will have access to USHBC materials for use in their promotional activities without requiring acknowledgement of the USHBC. The BC Council will be asked to provide the USHBC with a recap of the results of their Canadian activities at year-end. It was suggested that McCreary and Hurst consider a protocol for these types of requests that may come from other sources in the future. With nothing further to report John Shelford moved, with a second from Art Galletta, to accept the report and recommendations of the USHBC Promotion Committee. The motion carried.

The next agenda item was a finalization of the 2007 USHBC budget. Based on committee recommendations and anticipated increased funding for this year, the final 2007 USHBC budget will now total \$2,867,365 as allocated in Exhibit #6. Dave Brazelton moved, with a second from John Shelford to accept this final revised budget and the motion carried.

The Council then discussed next steps to complete the update of the USHBC Strategic Plan. A copy of the plan, which had been updated with preliminary information from the previous day's strategic planning sessions, was distributed to meeting attendees. Chairman Hurst asked those in attendance to review this initial plan draft and get back to USHBC staff with any changes or suggested modifications. Mark Villata will then review the plan with Sharon McNerney of *Nuffer, Smith and Tucker* and work with her to develop a final plan draft to send to the Council prior to our next meeting. McNerney will attend the USHBC meeting this Fall to present the final updated strategic plan.

Cooperative efforts with WBANA were the next topic of discussion. At our last meeting the Council had discussed sharing our Crisis Management Plan with the lowbush industry and the possibility of considering joint research activities. WBANA had offered to help share in the cost of the Crisis Plan update and staff will determine costs. It was the consensus of those in attendance that the USHBC should cooperate with WBANA on crisis management, but that cooperation on research is not possible at the present time given the lowbush marketing strategy. USHBC will let WBANA

know that we are forming a USHBC Food Safety Committee and that we would encourage them to do so as well. Chairman Hurst will be recruiting highbush industry members to serve on the Food Safety Committee following this meeting. Once the committee is up and running and has established its mission, it can then consider how it may interact with any similar committee that might be established by the lowbush industry.

The meeting moved on to the announcement of the time and place of the next USHBC meeting. Villata stated that the next meeting will be held on October 5 and October 6, 2007 at the Crowne Plaza Northstar in Minneapolis, Minnesota.

The meeting then moved on to other business. John Shelford noted that the California Strawberry Commission has allocated funds to enable the USDA to continue the *National Berry Report* that would have been discontinued due to USDA budget cuts. As this is a report that benefits the entire berry category he made a motion, with a second from Bob Carini, that the USHBC recognize the California Strawberry commission and thanks them for taking on the financial burden to continue this national report. The motion carried.

Hurst asked for comment on the new committee meeting format initiated at this meeting. Most all were in agreement that running concurrent committee meetings was a positive move and made the Council meeting more informative, particularly when recap reports from promotional agencies are included on the Council meeting agenda. All were in agreement to continue this format with a goal that no more than two committee meetings be held during the same time period whenever possible.

There being no further business Art Galletta moved, with a second from Mike Makara, to adjourn the meeting. The motion carried and the meeting was adjourned at approximately 11:40 am.

