

U.S. Highbush Blueberry Council
Meeting Minutes
March 4, 2006

USHBC Chairman Mark Hurst called the meeting of the U.S. Highbush Blueberry Council to order at 1:10pm on Saturday, March 4, 2006. The following USHBC members, as well as USDA representative Deborah Simmons and USHBC staff members Mark Villata and Mary Nezbeth, attended the meeting, held at the Crowne Plaza Hotel in Seattle, Washington:

Dave Brazelton (Region 1)	Mark Hurst (Oregon)
Ron Bodtke (Region 2)	Henson Barnes (North Carolina)
Dave Arena (Region 3)	Adair Chambers-Peterson (Georgia)
Ken Patterson (Region 4)	John Shelford (Importer Member)
Bob Carini (Michigan)	Francisco Allende (Handler Member)
Tim Wetherbee (New Jersey)	Amy Howell (Public Member)

The first order of business was the approval of the minutes from the last Council meeting held on October 15, 2005. Henson Barnes moved, with a second from Adair Chambers-Peterson, to approve the minutes as written. The motion carried.

The second item of business was an update from USDA AMS. Deborah Simmons noted that it appears the USHBC continuation referendum is on schedule for August 2006. She also noted that the USHBC would need to submit one additional name to the Secretary as an additional option for the current Importer Alternate position before any action will be taken. No action had been taken to date concerning the USHBC name change or the addition of a 6th member to the Council. The Council considered additional nominees for the Importer Alternate and Ron Bodtke moved, with a second from Ken Patterson, that Stan Crafton (*Giumarra/International Berry*) be selected as the second choice for the Importer Alternate position. The motion carried. It was also suggested that Chairman Hurst contact the USDA concerning the delay in the name change decision as well as other issues that have been presented to USDA for decision. A discussion concerning organic exemptions followed. Additional details concerning this issue were needed and the Council will revisit this issue at a future meeting.

The third item of business was a report from USHBC committees. As Finance Committee Chairman Mike Makara was not available, Mark Villata provided the report from the USHBC Finance Committee. He stated that the Finance Committee has reviewed the 2005 audit and that the audit firm (Tate, Propp, Beggs & Sugimoto) has given the USHBC a clean report. However, the committee has asked USHBC Bookkeeper Terry Bowles to modify future reports so that a more accurate view of committed versus non-committed funds will be presented. Villata noted that Lorrie Merker provided results of the internal audit of the Folsom office and found that procedures and policies are in order. The committee reviewed the 2005 crop assessment collections to date based on updated crop figures provided by the NABC at its meeting earlier this week. Based on these figures, the USHBC has collected on more than 90% of the 2005 crop to date. Staff will continue to take steps to collect as much of the remaining balance as possible. Staff has also been asked to review income projections and marketing versus administration budget percentages for a more accurate estimation of our yearly administrative expenditures. Villata closed the report noting that,

based on year end expenditures and revised income figures (see Exhibits #1 and #2), the USHBC Finance Committee estimates a cash balance available for 2006 totaling \$2,763,419. Based on this total, the committee recommends a 2006 budget totaling \$2,749,177 to be allocated as follows:

Market Promotion	\$1,328,852
Research	\$ 439,486
Industry Relations	\$ 87,000
USHBC Program Fees	\$ 205,554
General Expenses	\$ 86,690
Administration Expenses	\$ 246,595
Travel and Meeting Expenses	\$ 85,000
Uncommitted Reserve	\$ 270,000
TOTAL	\$2,749,177

At the close of this report John Shelford moved, with a second from Francisco Allende to approve a revised 2006 USHBC budget totaling \$2,749,177. The motion carried.

Research Committee Chairman Dave Brazelton provided the report for his committee noting that based on the amount of work being conducted at these biannual meetings it would be helpful if additional time could be allocated to committee sessions, or if committees could meet more than twice per year if needed. Chairman Hurst will look into this issue and will work with staff in seeing how some of these concerns could be addressed. Brazelton followed with a report from his committee noting that the Research Committee had discussed a recent publication by Dr. Andrew Weil regarding the blueberry health message and will be sending a letter to Dr. Weil and his publisher correcting the statements made and providing research support for the health message. He reported that the committee had finalized the freeze-dried blueberry project and that the powder is being packed in one-pound nitrogen-flushed cans and will be stored at the USHBC office for distribution to researchers on request. The berry powder will also be supplied to the NIST (National Institute of Standards and Technology) for their standardization project. The committee will determine a per pound price for this freeze-dried product.

Brazelton noted that the committee had reviewed the current Request for Proposals (RFP) packet and has made changes to clarify reporting and budget requirements. He also stated that the committee had reviewed progress reports for currently funded projects (see Exhibit #3) and that Research Committee member Leslie Wada will be in contact with the researchers regarding necessary clarifications or concerns. The committee will also send a reminder letter to researchers regarding the protocol they must follow in publicizing results or in research presentations. He mentioned that his committee discussed future research actions and the need to develop a five-year action strategy and funding plan and will continue to discuss this at its next meeting in preparation for the USHBC strategic session to be conducted in 2007. The committee will also explore the possibility of funding diabetes research targeting a diabetes "center of excellence" to conduct a project. If a project is selected, funding would come from the existing research committee reserve that currently totals approximately \$100,000. The final recommendation of the committee is that the USHBC approach the FDA and ask for permission to allow our industry to use a dietary guideline statement for blueberries in our promotion materials and labels. The following statement would be pursued, "*A diet rich in fruits and vegetables, like blueberries, may reduce the risk of some types of cancer and other chronic diseases*". The Council discussed the

proposed statement and was in consensus that action should be taken to get this statement approved. Ron Bodtke moved, with a second from Henson Barnes, that the USHBC pursue the use of this statement. The motion carried and staff will work with the USDA in providing all necessary documentation and obtaining FDA approval of this statement, plus determine where industry members could use this statement beyond use on a label or an advertising message. Bob Carini then moved, with a second from Tim Wetherbee, to accept the report and recommendations of the USHBC Research Committee. The motion carried.

Industry Relations Committee Chairman Francisco Allende provided the report from his committee noting that they had discussed meeting locations and, based on reports from Biloxi, have determined that our March 2007 meeting should be moved to Orlando, Florida, with Biloxi scheduled for a later meeting once the city recovers from Hurricane Katrina. He also noted that the committee has requested that USDA consider Vancouver, British Columbia, as a future meeting location and is now awaiting response from USDA on this request. In the meantime, the committee recommends additional locations for meetings in 2008, 2009 and 2010 as listed in Exhibit #4. Allende reported that his committee had received an updated blueberry acreage report from Dr. Florkowski and that additional contact with industry members regarding acreage figures will be taking place over the next few months as Dr. Florkowski completes his acreage report. No further actions are being taken on the acreage survey until a final report is received. Dave Arena moved, with a second from Ken Patterson, to accept the report of the Industry Relations Committee. The motion carried.

The final committee report was from Kirk McCreary, Chairman of the Promotion Committee. McCreary stated that his committee had met earlier that day and reviewed a foodservice presentation by Jim Degan which indicates considerable potential for blueberries in the foodservice market segment, particularly in salad and sauce applications. The committee had also reviewed potential "add-on" activities to currently approved consumer and foodservice public relations, food manufacturer publicity and magazine advertising programs given additional funding allocated to the committee at this meeting. Based on this review the committee recommends that a total of \$112,000 in additional funding be allocated to consumer/foodservice public relations as follows:

Spanish Language Release	\$7,000
Media Breakfast	\$5,000
TV Placements (Spokespersons)	\$15,000
Health Professional Mailing	\$30,000
Retail Promotion Materials	\$15,000
Foodservice Promotion (<i>Right Stuff</i>)	\$20,000
Johnson & Wales Student Education	\$10,000
Children's Activity Sheet	\$7,500
<u>5-A-Day Sponsorship</u>	<u>\$2,500</u>
Total Additional Budget	\$112,000

The committee also recommends that an additional \$50,000 be added to magazine advertising in 2006 to allow for a total of 20 advertisements in 11 publications, and that the Council allocate an additional \$20,000 to Food Manufacturer Trade Publicity to cover the development and placement of any articles in defense of real blueberries, or for publication of trade stories related to the current and future supply and demand situation facing our industry, should the Council feel this type of

report may be beneficial. The remaining balance of funds would be held in Market Promotion Reserve to fund any unforeseen opportunities during the year. With these additional allocations, the Promotion Committee recommends a 2006 market promotion budget totaling \$1,328,852 of which \$1,162,353 would be USHBC funds and the remaining \$166,499 would be USDA MAP funds. McCreary also noted that his committee will be holding a "brainstorming session" on April 5 and 6, 2006 in Phoenix in order to take a look at the long term implications of additional revenues currently being generated by the USHBC and how best to take advantage of opportunities based on increased market promotion budget levels. John Shelford moved to accept the report of the Promotion Committee. Tim Wetherbee gave his second to the motion and the motion carried.

The fourth agenda item was a discussion of any modifications to the 2006 budget. Based on the committee recommendations accepted by the Council, Ron Bodtke moved, with a second from Henson Barnes, to accept a 2006 budget totaling \$2,749,177 as detailed in Exhibit #5. The motion carried.

The next agenda item was to be an update on the 2006 USHBC continuation referendum, however, as this topic was discussed earlier in the meeting as part of the USDA AMS update, no further discussion took place at this time. Villata provided a brief recap of the timeline for election of regional members, importer, exporter and public member to be seated in January of 2007. He stated that nomination packets will be sent to growers on May 1, 2006 and that nominations will be due by June 5 (five-week nomination period). The USHBC will then develop regional ballots that will be sent to growers on August 7 and voting will take place over a five-week period closing on September 11, 2006. Council members will nominate the importer, exporter and public member at the next USHBC meeting in October.

The final agenda item was the announcement of the time and place of the next meeting that will be held on Friday and Saturday, October 6 and 7, 2006 at the Bar Harbor Regency in Bar Harbor, Maine. A discussion of possible meetings with members of the lowbush industry and committee members from the Wild Blueberry Association of North American (WBANA) followed. NABC staff will work with members of WBANA on a possible joint reception with members of the lowbush industry held during the NABC meetings on Wednesday or Thursday of that week. Discussion of possible meetings between the executive committee members of the USHBC and WBANA, and/or meetings of the USHBC and WBANA Research Committees to discuss promotional and research concerns followed. It was general consensus that this type of meeting should be considered and held at a later date (with a specific agenda and list of issues) once connections are reestablished with members of the lowbush industry during the October meeting. Staff will attempt to obtain organizational information regarding the newly formed WBANA Canada and WBANA Maine. In the meantime, Ron Bodtke moved, with a second from Bob Carini, that USHBC Research Committee member Amy Howell be given the opportunity to present a verbal outline of results of the USHBC meta analysis to blueberry researchers who will be attending the WBANA "brainberry" research meeting this August. The motion carried.

There being no further business, Francisco Allende moved, with a second from Henson Barnes, to adjourn the meeting. The motion carried and the meeting was adjourned at 3:05 pm.