

**U.S. Highbush Blueberry Council  
Meeting Minutes  
October 4, 2008**

USHBC Chairman Art Galletta called the meeting of the U.S. Highbush Blueberry Council to order at 8:15am on Saturday, October 4, 2008. The following USHBC members, as well as USDA representative Debbie Simmons and USHBC staff members Mark Villata and Mary Nezbeth, attended the meeting, held at the Hilton McLean Tyson's Corner in McLean, Virginia:

Verne Gingerich (Region 1)	Neil Moore (North Carolina)
Beverlee DeJonge (Region 2)	Adair Chambers-Peterson (Georgia)
Art Galletta (Region 3)	Doug Krahmer (Oregon)
Ken Patterson (Region 4)	John Shelford (Importer Member)
Bob Carini (Michigan)	Kirk McCreary (Public Member)
Denny Doyle (New Jersey)	Paul Macrie (Handler Member)

The first order of business was the approval of the minutes from the last Council meeting held on March 1, 2008. Minutes had been mailed to members and alternates following the March meeting. Denny Doyle moved, with a second from Adair Peterson, to approve the minutes as written. The motion carried.

The second agenda item was an update from the USDA Agricultural Marketing Service (AMS) by Debbie Simmons. Simmons reported that Rafael Manzoni had left her division for an assignment in another USDA branch and she is serving as the interim marketing specialist until a new specialist is assigned to the USHBC. The new specialist is expected to be on board by this January. Simmons then gave her report noting that there had been no changes in the Farm Bill to the current organic exemption language and the requirement remains that in order to apply for assessment exemption an operation must be certified as 100% organic on all the items they produce. She reported that U.S. Customs is still working on the computer system that will allow for the identification of import assessment collections by country and product. At this point it does not look like the system will be in place and running until 2010, so the USHBC should not expect to receive these types of detailed assessment reports in the coming year.

Simmons also reported that her office had looked into the USHBC question of adding a USHBC member and alternate from the seventh largest production state. Based on their review of current imports, and to maintain a representative balance on the USHBC, the USDA would require the USHBC to add two additional importer members to the Council before a seventh state representative would be considered bringing the total number of USHBC members to 16 (6 state members, 4 regional members, 3 importers, 1 exporter, 1 handler, 1 public member). It was noted that this addition will have to be made after our next required USDA review of production regardless of whether we add a seventh state member.

If a seventh state member were added it would require that one additional importer member would have to be added as well bringing our Council membership up to a total of 18 (7 state members, 4 regional members, 4 importers, 1 exporter, 1 handler and 1 public member). After discussion it

was the consensus of the Council to table this decision on a seventh state member until after the required representation review by the USDA and any additional importer representatives are assigned to the Council.

Agenda item three was a USDA Market News Service update on the initiation of a frozen blueberry movement report as requested by the USHBC. USDA representative Barbara Maxwell provided attendees with a letter that will be sent by the Market News Service to blueberry handlers along with a weekly frozen blueberry report table they will use to report frozen movement. The handler will email reports to the Market News Service each Tuesday and they will then issue a national report (broken down by state and/or region) each Wednesday. The USHBC will post the report on our website each week.

USDA will be asking for assistance from the USHBC and industry members in identifying those firms that should be receiving the reporting sheets, developing the mailing list, and to encourage the industry to participate in this reporting procedure. A letter from the USHBC noting the importance of this report will be sent to handlers and a similar notice will be placed in the USHBC Bluespaper encouraging participation and reporting. USDA plans to finalize contact lists and put final plans in order to initiate this weekly report following the USHBC meeting this February.

Reports from the USHBC committees were the fourth item of business. Chairman Galletta asked Doug Kraemer, Chairman of the USHBC Finance Committee for his report. Kraemer noted that, based upon their internal audit, the Finance Committee recommends that there be an increase in the requirement for a secondary check signer from \$10,000 to \$25,000. He moved for approval of this recommendation and received a second from Beverlee DeJonge and the motion carried. He also recommended that there be an increase in the maximum USHBC checking account transfers from \$50,000 to \$100,000. He moved for approval of this recommendation and was given a second by Kirk McCreary and the motion passed. Kraemer reported that his committee had developed a USHBC Ethics Policy that includes an overview of the USHBC and the USHBC Vision and Mission along with the USHBC Code of Ethics. The policy is attached to these minutes as Exhibit #1. He moved for acceptance of the policy and was given a second by Beverlee DeJonge. The motion carried.

Kraemer reported that the Finance Committee had reviewed the current USHBC cash position, anticipated expenses to year-end and projected assessment income and estimates a total of \$3,132,260 available to fund USHBC activities in 2009 (see Exhibit #2). He also noted that his committee had reviewed a request from the NABC to increase the yearly NABC service fee from \$50,000 to \$75,000 starting in 2009. The committee agrees that, given the increased USHBC budget and increased activities as a result of this expanded budget, this \$25,000 increase is justified and has made this adjustment to the budget proposed for the coming year. The USHBC Finance Committee recommends that the 2009 USHBC Budget of \$3,132,260 be allocated as follows (see Exhibit #3 for line item totals):

Market Promotion & Publicity	\$1,563,000
Research	\$ 551,500
Industry Relations	\$ 57,500
Good Management Practices	\$ 75,000
USHBC Program Fees	\$ 156,000

General Expenses	\$ 96,607
Administration Expenses	\$ 329,325
Travel & Meeting Expenses	\$ 107,975
Uncommitted Reserve	\$ 195,353
<b>TOTAL BUDGET</b>	<b>\$3,132,260</b>

Doug Krahrmer moved for approval of this 2009 budget and was given a second from Verne Gingerich. The motion carried.

Krahrmer finished his report with a recommendation that the USHBC continue with Tate, Propp, Beggs & Sugimoto as the audit firm to conduct the USHBC audit in 2008. He made this recommendation a motion that was given a second by Denny Doyle. The motion carried.

A report from the USHBC Research Committee by its Chairman, Dave Brazelton, followed. Brazelton stated that his committee had reviewed current blueberry health research study progress reports and it appears that two areas, vision and diabetes, continue to show promise with positive results in one recent limited human trial. The committee had also discussed progress being made in setting up the next Berry Health Symposium that is planned for this June in Monterey, California. He noted that more effort is being made in the upcoming symposium to encourage coverage by the media. Information about the symposium has now been placed on it's website at [www.berryhealth.org](http://www.berryhealth.org).

Brazelton reminded the Council that there had been discussion at our last meeting to fund blueberry/drug interaction research. He reported that the committee has now received a research proposal dealing with this issue that they plan to fund and the project should begin within the next few months. He also noted that his committee is working on developing a blueberry placebo that can be used in human feeding trials. Cooperation on the blueberry/drug interaction study and the blueberry placebo was discussed during a recent telephone conference with representatives of WBANA and the committee expects to hear later this month whether WBANA will be working with us on either of these projects. Based on this recent discussion with WBANA, it appears that both groups most likely cannot work together on all research efforts, however there are areas where it makes sense to cooperate. Coming up with a blended lowbush/highbush blueberry product for use in human trials is another area the two groups may explore in future discussions.

Brazelton reported that the Research Committee will be issuing a Request for Proposals (RFP) later this month with particular emphasis being placed on potential projects dealing with diabetes, vision, and age related diseases. He noted that a Dr. Kirkorian at the University of Cincinnati has been conducting some interesting small-scale human (10 subject) feeding trials on age related diseases with promising initial results. The committee is encouraging him to do more work on this project and plans to invite him to our next meeting in Gulfport, Mississippi this February.

Brazelton wrapped up his report noting that his committee has been allocated a total of \$551,500 for 2009 and will allocate funding after receipt and review of proposals generated through the upcoming Request for Proposals. The committee plans to make allocations at the next USHBC meeting in February and will return any uncommitted funds to the Council for possible allocation to additional market promotion efforts in 2009. A discussion of strategic priorities was the final item from Brazelton's Research Committee report. He noted that at the present time a strategic

directive assigned to the Research Committee is to “Direct research efforts to obtain a qualified health claim”. The committee discussed this directive and, given the current FDA position and uncertainty concerning health claims at the present time, felt that it would be better to work to “support” a qualified health claim rather than “obtain” a claim. With this change of directive, the updated USHBC Research Committee strategic assignment would read:

**BUILD HEALTH BENEFITS RESEARCH**

- Direct research efforts which could support a qualified health claim.
- Continue with broad research efforts that will support our publicity function and identify new areas of opportunity.

Denny Doyle moved, with a second from John Shelford, that the USHBC accept this revised strategic assignment and the motion carried.

A report from the USHBC Industry Relations Committee followed by its Chairman, Ken Patterson. He noted that his committee had reviewed the 2009 USHBC election timeline and will now be developing a list of potential candidates for USHBC importer, exporter and public member for recommendation to the USHBC Executive Committee by early February. He reported that his committee recommends the current USHBC officers maintain their positions in 2009 with Art Galletta serving as USHBC Chairman, Bob Carini as Vice Chairman, Parm Bains as USHBC Treasurer, Lorrie Merker as Assistant Treasurer, Neil Moore as Secretary and Mark Hurst as USHBC Past Chairman. Ken Paterson moved for acceptance of this list of officers for 2009 and was given a second by Denny Doyle. The motion carried.

Patterson reported that his committee had discussed interest in setting up international blueberry industry meetings and that a steering committee manned by USHBC Industry Relations Committee members Francisco Allende and Guy Cotton, along with USHBC staff member Mark Villata, will determine the principal individuals in the U.S., Canada, South America, Australia, New Zealand, South Africa and Europe who would be involved in these future meetings, open communications with these individuals, determine how these types of meetings could be accomplished in the future, and define our next steps.

Patterson reported that this committee had reviewed a proposal from Cort Brazelton for a follow-up world production and acreage report at a budget of up to \$15,000 and recommends that the USHBC move forward with this next phase of research. He also noted that his committee has reviewed a blueberry industry documentary film proposal and decided that, based on budget concerns, this potential project be tabled at the present time and reconsidered sometime in the future. The committee also discussed future meeting times and locations, not holding USHBC meetings on weekends, and whether it should be recommended to the NABC that only one tour be conducted each year, however no decision or recommendation was made on this subject. The group also discussed tariff codes and recommend that the USHBC pursue tariff codes for blueberry juice stock, as well as any other forms of blueberries currently listed on the USHBC Blueberry Supplier Guide, for possible assessment consideration in the future. With no questions from the Council at the close of his report, Ken Patterson moved for acceptance of the recommendations of the USHBC Industry Relations Committee. His motion was given a second by Neil Moore and the motion carried.

A report from the USHBC Good Management Practices Committee followed. Committee Chairman Keith Mixon reported that his committee has completed a food safety questionnaire and, based on response, sees a definite need for blueberry grower and handler education. His committee recommends that the North American Blueberry Council (NABC) set up a working group to begin drafting voluntary food safety guidelines for the industry as soon as possible. The committee suggests that existing guidelines currently used by handlers or states be used as models by the NABC in drafting their guidelines and asks that an attempt be made to have these guidelines complete by the next NABC 2009 Spring Meeting this February.

Mixon noted that once the NABC has established its guidelines, the USHBC Good Management Practices Committee would serve an education function in gaining industry awareness of these guidelines. As a first step, the committee has purchased and mailed to those on the USHBC grower and handler list copies of two brochures from the National Good Agricultural Practices (GAP) Program at Cornell University titled "Food Safety Begins on the Farm- A Grower's Guide" and "Good Hygiene Protects Everyone!" A cover letter from the USHBC was included with this memo noting websites where additional food safety materials and information can be found. He also reported that his committee is still working on finding a source for our blueberry industry audit and risk analysis and will provide staff with additional potential candidates, or Universities, to be approached as possible vendors.

The Good Management Practices Committee also recommends that the media training firm of TMT Worldwide be hired to conduct media training with twelve key industry members and members of the USHBC crisis management team. If schedules permit, one-on-one media training will be planned to take place prior to the next USHBC meeting in February. TMT Worldwide will also be hired to conduct a general media training session for all industry members attending the USHBC meeting in Gulfport this February. The budget allocated to media training totals \$22,000. At the close of the committee report Denny Doyle moved, with a second from Bob Carini, to accept the report and recommendations of the USHBC Good Management Practices Committee. The motion carried.

Kirk McCreary, Chairman of the USHBC Promotion Committee, made the final committee report. McCreary asked Ruth Lowenberg from Lewis & Neale Public Relations to provide a recap of current consumer and food service publicity activities which included radio and television interviews with our health spokesperson Dr. Wendy Bazilian; print media efforts (including Hispanic media) which included press kit distribution, syndicated newspaper placements, a blueberry breakfast for food editors, and summertime blueberry basket deliveries to key magazines; and a health professional outreach with a mailing of blueberry information to school dieticians and foodservice directors. Additional activities included the updating of the consumer and foodservice section of the USHBC website; and an expanded winter blueberry promotional program funded with donated dollars received from Chilean blueberry producers. Foodservice activities included magazine placements; distribution of the "Blue-Plate Special" electronic newsletter to foodservice professionals; trade advertising in magazines and on the Internet; participation in professional chef conferences; and chain and non-commercial restaurant and cafeteria blueberry promotions.

McCreary then asked Tom Payne from TJP Market Development to present an overview of this year's food manufacturer publicity and export market development activities. Payne's activity recap included technical assistance; the continued update of the USHBC website; trade publicity

placements in food manufacturer publications; trade advertising and advertorials; the first USHBC “webinar” online seminar for food processors held in cooperation with Prepared Foods Magazine; attendance at trade shows including regional and national Institute of Food Technologists (IFT) shows and Bakery Showcase Canada; the first phase of a product value and demand market research study; and the USHBC 2008 Blueberry Product of the Year Award. Payne noted that the “webinar” was very well received and was attended by many representatives of key food manufacturing companies. Based on the results of this initial webinar, we will include this type of presentation in future activities.

Payne then briefly discussed activities conducted this year in Japan, Korea, Taiwan and the United Kingdom. He noted that the use of the services of an in country representative in Taiwan has allowed us to make great strides in meeting with the trade and the media and providing a USHBC presence at various Taiwanese food trade shows. He also reported on the success in opening the Indian market to fresh U.S. and Canadian blueberries and the positive results of a recent retail sampling campaign conducted in two major Indian cities. Additional promotional activities in India are in the planning stage for 2009 and the USHBC will be participating in the *FIE Trade Show* in New Delhi this December, which will allow for additional contact with major traders and Indian retailers.

Following these promotional agency reports, McCreary updated the Council on the pre-meeting his committee had held earlier in the week to review possible “heavy up” media campaigns. He reported that the Council had assigned the committee the job of determining how to increase demand in the coming years to accommodate the increasing blueberry supply. Proposed plans were received and reviewed from TJP Market Development (food manufacturer publicity and export market promotion), Lewis & Neale PR (consumer and foodservice publicity), Grant Jensen & Associates (advertising and retail promotion) and the Sterling Rice Group (advertising). He noted that this pre-meeting left the committee with a number of questions as to how to recommend that the USHBC proceed with this issue, however based upon these presentations the Promotion Committee will now work on putting together a proposed plan of action (with initial blueberry positioning research to be conducted by Sterling Rice Group), and a budget that would be required to accomplish the objective of doubling per capita consumption over the next five years, for Council consideration at the next USHBC meeting in February 2009.

McCreary then completed his committee report noting that the Promotion Committee had reviewed the base market promotion plans for 2009 and initially allocated \$675,000 to consumer and foodservice publicity; \$285,000 to food manufacturer publicity; and \$175,000 to export market promotion which reflects the initial levels allocated to these activities in the Fall of 2008. He noted that his committee had then discussed current frozen blueberry inventory concerns and, based on this issue, recommends that consumer and medical publication magazine advertising be suspended in 2009 and that the \$150,000 originally proposed for this activity in 2009 be allocated to Lewis & Neale PR (\$75,000) and TJP Market Development (\$75,000) to fund immediate efforts to move frozen product. Each agency has been asked to bring a frozen blueberry market promotion proposal to the committee by the end of the month. With these modifications, the Promotion Committee recommends a 2009 Market Promotion and Publicity budget totaling \$1,563,000 allocated as follows:

Consumer/Foodservice Publicity	\$750,000
Food Manufacturer Publicity	\$360,000
Export Market Promotion	\$175,000
Berry Health Symposium	\$ 15,000
Market Research	\$ 58,000
Campaign for Children's Health	\$ 10,000
<u>Reserve</u>	<u>\$195,000*</u>
TOTAL	\$1,563,000

*\*Up to \$175,000 to be allocated to Sterling Rice Group for positioning research*

Kirk McCreary moved for acceptance of this 2009 market promotion budget. Denny Doyle gave his second to the motion and the motion carried. McCreary then noted that his committee had considered an agency review policy and recommends USHBC acceptance of this policy as detailed in Exhibit #4 of these minutes. John Shelford gave his second to the motion and the motion carried.

Following the Promotion Committee report it was noted the since promotional activities are presented at the Promotion Committee meeting, which can be attended by all interested parties, there is no need to give these same presentations again at the Council meeting. The group was in agreement that there was no need to repeat these presentations. Based on this decision the Council will encourage those interested in learning about these programs to attend the Promotion Committee meeting and will no longer provide recaps from the agencies as part of the Council meeting.

The fifth agenda item was a discussion of future funding needs to address market promotion issues. It was the consensus of the Council that discussion of funding and assessment issues be held off until the next USHBC meeting in February when the Council will have an opportunity to review potential "heavy up" promotional actions recommended by the Promotion Committee. However, it was noted that there was a clear Council interest and intent in exploring an expanded market promotion program and an understanding that any type of expanded program will require the Council to bring in additional funding through increased assessments.

The sixth item of business was the announcement of the time and place of the next USHBC meeting. Mark Villata reported that the next meeting of the USHBC will be held from February 26 to February 28, 2009 at the Courtyard Gulfport Beachfront in Gulfport, Mississippi.

The meeting was then open to other business. The issue of adding a seventh state member to the USHBC was once again addressed and it was the consensus of the Council that given the requirements of the USDA to increase the total number of members to 18, this topic be tabled at the present time and discussed at a future meeting.

There being no further business Denny Doyle moved, with a second from Adair Peterson, to adjourn the meeting. The motion carried and the meeting was adjourned at 10:10am.