

**U.S. Highbush Blueberry Council**  
**Meeting Minutes**  
**March 1, 2008**

USHBC Vice Chairman Bob Carini (substituting for USHBC Chairman Art Galletta) called the meeting of the U.S. Highbush Blueberry Council to order at 8:10am on Saturday, March 1, 2008. 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 Pan Pacific Hotel in Vancouver, British Columbia:

Verne Gingerich (Region 1)	Neil Moore (North Carolina)
Beverlee DeJonge (Region 2)	Adair Chambers-Peterson (Georgia)
Dave Arena (Region 3 Alternate)	Rod Cook (Washington)
Ken Patterson (Region 4)	John Shelford (Importer Member)
Bob Carini (Michigan)	Kirk McCreary (Public Member)
Denny Doyle (New Jersey)	Parm Bains (Exporter Member)
Doug Kraemer (Oregon)	Paul Macrie (Handler Member)

The first order of business was the approval of the minutes from the last Council meeting held on October 6, 2007. Minutes had been mailed to members and alternates following the October meeting. Denny Doyle moved, with a second from Doug Kraemer, 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 the appointment on January 28, 2008 of Edward Schafer as the new Secretary of Agriculture. He reported that a recent challenge to the Raisin Marketing Order has been overturned, which once again illustrates the strong endorsement of marketing orders and research and promotion programs such as the USHBC. He concluded his comments with a mention that the updated nutrition and health section of the USHBC website has been reviewed by USDA and has been given approval to go online.

Agenda item three was an update on USHBC activities by USHBC Executive Director Mark Villata. Villata briefly discussed progress made on the 2007 to 2011 USHBC Strategic Plan noting that all members, alternates and committee members had received a final copy of the plan this past December. Committees were now in the process of prioritizing their strategic assignments and setting up their action plans.

He reported that new harmonized tariff codes have been approved for *Dried Cultivated Blueberries* (0813.40.20.20) and for *Blueberry Juice Including Concentrate* for both wild and cultivated (2009.80.60.31). The USHBC may now wish to consider requesting a tariff code for blueberry juice stock and whether import assessments should be expanded to include dried cultivated blueberries.

He also noted that we have taken actions to date to narrow the definition of "blueberries" in the current U.S. Frozen Blueberry Standards so that only North American and South American highbush and lowbush blueberries (or other foreign produced blueberries with North American

roots) are identified as a blueberry. This action was deemed necessary to address past sales of Chinese “wild blueberries” marketed as blueberries when they likely were more closely related to a ligo berry than a blueberry. The next step will be to assign a subcommittee with the task of communicating these standard modifications to the USDA, along with the possible consideration of modifications to how “defects” are scored.

He then discussed actions taken to date to add process blueberry figures to the USDA Market News Service reports. He noted that the USHBC has been in contact with USDA and it looks like the USDA will be able to collect frozen blueberry data and then email the report to the USHBC for distribution. Villata introduced Debby Friday from the USDA Market News Service in Benton Harbor, Michigan who will be the USDA contact on this project. She noted that eventually this data would be reported on the USDA Market News Service portal of their website. To initiate this reporting process, Friday noted that the USHBC would need to distribute a letter from the USDA Market News Service to our industry requesting that individuals participate in this data collection. We also need to provide Friday with the specifics of what we would like to see in the Market News Report. Following Ms. Friday’s comments it was decided that the USHBC Industry Relations Committee hold a conference call to decide on the frequency of the report (daily, weekly, monthly?), what frozen products to be identified (block frozen, IQF, drum frozen, organic?) and then bring their recommendation to Friday as early as possible so that the USDA Market News Service can initiate this reporting function. The Council thanked Ms. Friday for attending today’s meeting and noted that we look forward to working with her on this project.

Agenda item four was a report on the 2007 acreage survey that had been conducted by Cort Brazelton and directed by the USHBC Industry Relations Committee. As Brazelton had covered most of the information at the Industry Relations Committee meeting the previous day, he focused on world trends in his presentation to the Council. He reported that the blueberry industry has experienced a tremendous increase in acreage in recent years with a corresponding increase in production, with the bulk of production growth still to come. There has been a +23% increase in fresh and process production from 2005 to 2007. North America still holds the dominant position in the world with 60% of the world blueberry acreage and 73% of the world’s production. South America, the world’s second largest producer, accounts for 23% of acreage and 13% of production, followed by Europe with 11% of acreage and 11% of production. Europe and South America are expected to be the leaders in production growth in the coming years. North America still dominates the world production of process blueberries accounting for 90% of production. Though the dominant player in the fresh market, we are not as dominant as we are in process. North America accounts for 60% of fresh production worldwide.

Given continuation of current growth trends, Brazelton projected worldwide blueberry production to increase from 489 million pounds in 2007 to an estimated 806 million pounds by the year 2012. It was noted that in as few as 10 to 12 years from now North America has the potential to produce as much as 1 billion pounds of blueberries. A discussion of this report followed with the request that any future report include additional information on trends in the lowbush blueberry industry. Rod Cook suggested that the USHBC also look into the possibility of sourcing official blueberry import data directly from those countries receiving blueberries as an additional means to track trends. Dave Brazelton then joined Cort Brazelton and they gave a slide presentation on blueberry growing operations in Europe, South Africa, South America, Australia and New Zealand. The presentation showed how each region is adapting their blueberry production techniques to the unique

geographical and climatic conditions in each area and gave those in attendance an appreciation of the sophistication and scale of some of these offshore producers.

The fifth agenda item was the 2007 audit report and updates and recommendations from the various USHBC committees. Vice Chairman Carini asked acting USHBC Finance Committee Chairman Doug Krahmer to provide the report for his committee. Krahmer asked USHBC staff member Terry Bowles to provide the results of the 2007 audit report from the audit firm of *Tate, Propp, Beggs and Sugimoto*. Bowles noted that the USHBC had once again received a "clean audit". USHBC total assets are at \$2,560,843 as of December 31, 2007 compared to \$2,397,959 at the same point the previous year. Revenue totals \$2,398,891 as of December 31, 2007, which is slightly above the total of \$2,207,356 the previous year. Expenses as of December 31, 2007 total \$2,480,132 versus \$2,290,898 the previous year. He noted that copies of the audit would be sent to USHBC members and alternates following this meeting. At the conclusion of the report Denny Doyle moved, with a second from Doug Krahmer, that the USHBC accept the 2007 audit report. The motion carried.

Bowles then reviewed USHBC final financial reports for 2007 starting with the balance sheet as of December 31, 2007 which shows \$2,483,159 in the USHBC bank account, +\$175,716 higher than the total at the same time the prior year. The report shows assets are up approximately 7% and liabilities are up nearly 14% over the previous year (see Exhibit #1). He then reviewed the budgeted versus actual expenditures report for 2007, which shows that the USHBC spent a total of \$2,480,132 this past year out of a total budget of \$2,867,365 (see Exhibit #2). Bowles next discussed marketing versus administrative expenditures for 2007 and noted that out of total expenditures of \$2,480,132 the funding allocated to marketing totaled \$2,226,492 (90%) while administrative expenditures totaled \$251,640 (10%) which means the USHBC continues to meet the USDA requirements of no more than 15% of expenditures allocated to administration (see Exhibit #3).

Committee Chair Krahmer noted that the Finance Committee had reviewed 2007 domestic crop collections to date and reported that the USHBC had collected a total of \$1,556,808 in 2007 domestic assessments through January 31, 2008. Based on revised crop figures reported by the North American Blueberry Council earlier in the week, this total represents collections on 92% of this past year's crop (see Exhibit #4). Based on cash in the bank as of January 31, 2008 and projected import assessments of \$650,000 in calendar year 2008, the USHBC should have a total of \$2,968,811 in funds available for 2008. He noted that his committee had reviewed the previously approved budget and had made modifications, which increase the 2008 budget to a total of \$2,966,211. This would be a budget increase of approximately \$110,000 of which \$100,000 will be allocated to research (see Exhibit #5). He moved for approval of this new budget totaling \$2,966,211 as detailed in Exhibit #5 and was given a second to his motion by Beverlee DeJonge. The motion carried.

Krahmer concluded his report noting that both he and Lorrie Merker will be traveling to the USHBC Folsom office to conduct an internal audit within the next 60 days. This will be a follow-up to a previous audit with visits to the USHBC office, Terry Bowles' office, El Dorado Savings Bank and our audit firm (Tate, Propp, Beggs and Sugimoto).

A report from USHBC Research Committee Chairman Dave Brazelton followed. He noted that his committee had reviewed current study progress and the results of a recent meeting with the FDA to discuss development of a qualified health claim. Based on this visit, the USHBC will need to more aggressively pursue human research studies. The committee will update its next request for proposals (RFP) packet to encourage human research and recommends that the USHBC approach WBANA Canada and WBANA Maine to see if there is interest in pursuing this type of research. Cooperation with WBANA in this area will be a requirement of the FDA if we are to pursue a qualified health claim as human tests will need to be based on the intake of a lowbush/highbush blend to replicate what the public is likely to consume.

Brazelton reported that his committee had reviewed their strategic assignments and recommends that their assignments be changed to reflect the new health research direction. Strategic directives for the USHBC Research Committee should read as follows:

- Direct Research Efforts to Obtain a Qualified Health Claim
- Continue With Broad Research Efforts Which Will Support Our Publicity Function and Identify New Areas of Opportunity

He stated that his committee recommends that the food safety strategic direction currently assigned the Research Committee (*Support Food Safety Research- Develop a Sanitation Step for Blueberries that Supports Safety and Convenience*) now be assigned to the newly established USHBC Food Safety Committee. He noted that the Research Committee does not have the expertise to deal with food safety, but is willing to assist the USHBC Food Safety Committee in developing their request for proposals (RFP) process.

Brazelton stated that the following Research Committee action plans would be adopted to address the revised strategic directive:

1. Start talking with WBANA Canada and WBANA Maine to investigate how we might work together on a qualified health claim.
2. Revise our USHBC Research RFP packet to reflect our updated strategic direction.
3. Continue to pursue current areas of opportunity.

Denny Doyle moved, with a second from Verne Gingerich, to accept the Research Committee recommended changes to their strategic directives as detailed and work toward a qualified health claim with the possible cooperation of WBANA. The motion carried.

Brazelton noted that his committee had discussed additional research options for 2008 and the committee is still considering a blueberry placebo project and hopes to have a decision on this project within the next few months. He also reported that his committee is considering a drug interaction study, however there are unique circumstances concerning this project and the committee would like to have Council input, given potential outcomes should a negative interaction be detected. The question to be studied in this research is how blueberries interact with blood thinners. This has been an issue with grapefruit and cranberries, but at this point the Research Committee is fairly confident that positive results for blueberries should be obtained from this research project. Results from this study would be helpful for heading off any misstatements in this

area. After Council discussion Adair Peterson moved, with a second from Denny Doyle, to move forward with this drug interaction research. The motion carried.

A report from the USHBC Industry Relations Committee followed. Interim Committee Chairman Ken Patterson reported that his committee had reviewed and accepted all its strategic directives for 2007 to 2011, most of which are a continuation of directives from the previous strategic plan and are currently being addressed. He noted that his committee has asked staff to publish a story in the *USHBC Bluespaper* that will explain the functions of the USHBC and the North American Blueberry Council in order to clear up any confusion concerning the two organizations. He also reported that the Industry Relations Committee plans to use the upcoming *International Blueberry Symposium* in Corvallis, Oregon as a means to discuss with international blueberry industry members an effective way to open communication. The possibility of an Internet based meeting of international blueberry representatives will be considered in the future.

Patterson reported that his committee reviewed officer assignments and recommends that Lorrie Merker be assigned to the USHBC Assistant Treasurer position. The committee had also reviewed future meeting locations and has decided to remove Branson, Missouri as a future meeting site as that year's previous meeting location will be St. Louis. The Industry Relations Committee will consider another southern site to replace Branson. He noted that the majority of their meeting time was spent on a review of the blueberry acreage report. His committee was pleased with this report and will now decide how to maintain this data in future years. Patterson recommended that the USHBC fund this report again in 2009 and consider making this a yearly report each Spring, or at a minimum a biannual report. The Council discussed this recommendation and Kirk McCreary moved, with a second from Denny Doyle, that the USHBC fund the acreage report again with a report by Cort Brazelton in the Spring of 2009 and that this next report include expanded figures and information on lowbush blueberry production. The motion carried. The Council will consider timing of future reports once this 2009 report is completed.

The Council then discussed distribution of the current acreage report. It was agreed that this report would be a valuable tool, particularly in our food manufacturer publicity efforts and in our effort to open communications with international blueberry producers. Paul Macrie moved, with a second from Verne Gingerich, that a summary of the report be developed that could be distributed to those industry members, or the public, requesting this information and that a full copy of the report also be made to available upon request for greater detail. The motion carried. Dave Arena then moved, with a second from Parm Bains, to accept the report of the Industry Relations Committee. The motion carried.

The meeting moved on to an update from the USHBC Food Safety Committee by its Chairman Keith Mixon. Mixon reported that his committee had reviewed its strategic directives and has no suggested changes to strategic assignments. The committee noted that all of these activities are either in place, or will be addressed shortly, and that all would receive the same priority ranking, given that many of these activities will be conducted simultaneously. He reported that his committee is finalizing a grower and handler questionnaire concerning food safety and good agricultural and management practices with plans to distribute the questionnaire by the end of March. Information gained from this questionnaire will help direct future committee actions. The committee has also selected two agricultural practices brochures that will be purchased from Cornell University and mailed by the USHBC to all growers and handlers on our mailing list later

this Spring. Mixon reported that his committee is still awaiting bids from firms who will be conducting an industry risk analysis and plans to make a decision by its next meeting on who will be conducting this analysis. Quality standards and cooperation with the North American Blueberry Council on this project will be addressed at the next committee meeting as well. The Food Safety Committee also discussed media training for those listed as contacts in the USHBC Crisis Management Plan. The committee is collecting bids from a number of media trainers and is considering a training session for the core contacts this October and a possible general media training presentation to USHBC members next Spring. Further details and a budget will be made available once the committee selects the media trainer. Mixon acknowledged his committee will add the food safety strategic direction (*Support Food Safety Research- Develop a Sanitation Step for Blueberries that Supports Safety and Convenience*) previously assigned the Research Committee to the 2007-2011 USHBC Food Safety Committee strategic priorities and will address this directive at its next meeting. At the close of this update Denny Doyle moved, with a second from Paul Macrie, to accept the report of the USHBC Food Safety Committee. The motion carried.

Kirk McCreary, Chairman of the USHBC Promotion Committee, made the final committee report. He noted that the Promotion Committee meeting opened with an update by Amy Howell on meetings with the FDA concerning qualified health claims and background on the various types of human feeding trials and their costs. He noted that his committee feels it is now time to start considering human feeding trials, especially since they are the only types of research that will be acceptable to the FDA when considering a blueberry health claim. His committee had also heard market promotion program updates from Lewis & Neale PR and TJP Market Development, which included suggestions for possible additional activities for 2008. He reported that his committee had discussed these additional options and has decided to fund a proposed market research effort to quantify the perceived value of blueberries. This research will then be used in our food manufacturer publicity actions to encourage additional blueberry use and to help support our "Made with Real Blueberries" program. The Promotion Committee allocated \$60,000 out of its current reserve funds to cover the first phase of this research, to be conducted the last three months of this year, and will commit approximately \$58,000 in 2009 funds to the second phase of this research to be conducted in the first quarter of 2009. His committee will also allocate \$30,000 out of this year's promotional reserve to fund an expanded Hispanic media effort in 2008.

McCreary then discussed results of the "brainstorming" session held with his committee in early February and the strategic priorities and action plans which are being put in place as a result of this discussion. Based on these directives, the Promotion Committee has taken the initial action of asking TJP Market Development, Lewis & Neale Public Relations and possibly an advertising agency yet to be determined, to develop plans designed to double per capita blueberry consumption over the next four years and a projected budget for this plan of action. Agencies have also been asked to determine the market promotion spending levels of other commodity groups. The goal is to have proposals and budgets to the Promotion Committee by this July for initial consideration.

McCreary mentioned that his committee had discussed the need to develop a policy and timeline for future agency reviews and will take this up again at its next meeting. He also noted that his committee had discussed future USHBC funding levels and recommends that this issue be directed to the Council rather than to the Promotion Committee. He then asked Ruth Lowenberg to review the public relations activities that were conducted this past year by Lewis & Neale Public

Relations on behalf of the British Columbia Blueberry Council. Lowenberg provided an overview of activities, many of which replicate and reinforce actions being taken in the United States. The efficiency of sharing materials was in strong evidence in her presentation and the initial Canadian activities appear to have been successful in generating increased Canadian awareness of BC Blueberries. At the close of the presentation, Kirk McCreary moved for acceptance of the USHBC Promotion Committee report. Doug Krahmer gave his second to the motion and the motion carried.

The next agenda item 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 on October 2, 3 and 4, 2008 at the Hilton McLean Tyson's Corner in McLean, Virginia (a suburb of Washington D.C.).

The meeting was then open to other business. Villata provided an update on language in the current Farm Bill that would modify the current 100% organic exemption rule and allow exemptions for organic producers who produce both organic and conventional crops. He stated that this issue is being addressed by the Commodity Roundtable, NABC Legislative Committee and the USDA AMS Research and Promotion Branch and provided meeting attendees with a copy of a letter detailing this issue.

He then advised the group that the February 7, 2008 edition of the Federal Register notes a comment period on the consideration of fresh blueberry imports from Guatemala. He noted that the Pest Risk Analysis from APHIS concerning these potential imports is available for public review and comment until April 7, 2008 and provided attendees with a copy of the Federal Register notice concerning Guatemalan blueberry imports.

His final comments concerned "per deim" expenses. Villata reminded the Council of the recent by-law amendment that allows the USHBC to allocate a monetary "per diem" payment in lieu of actual meal expenses. It will now be up to the Council to decide if they wish to implement this option and, if so, what the per deim rate will be.

Vice Chairman Carini then opened the meeting to discussion of assessment collections as noted in the report from the USHBC Promotion Committee. Doug Krahmer felt it would be best if the individual states discussed this issue amongst themselves and that results of these discussions be brought back to the Council at its next meeting. It was the consensus of the group that growers and industry members need to be made aware of the increasing volume and marketing challenges our industry will be facing in the future. They also need to be advised of the type of program the Council may recommend to address these challenges, so that they can make an informed decision as to how they wish to proceed. John Shelford illustrated the type of data and projections that should be made available to all industry members. His figures show that, based on a conservative growth estimate, there could be as much as 500 million pounds of highbush blueberries produced in North America by the year 2013. South American production could reach as much as 350 million pounds that year as well. He noted that, given these projections, we will need to increase per capita consumption from the current level of approximately 24 ounces to over 46 ounces per person in the next six years.

It was the consensus of the Council that at this time an effort be made to inform growers and industry members of our future market challenges. Once the USHBC Promotion Committee

provides the Council with their action plans to address potential future supply, the Council will discuss next steps in presenting this information to the industry.

The question was then raised concerning USHBC staff and future workloads. It was noted that as staff is contracted through the North American Blueberry Council that the NABC should address staffing and administration as part of its upcoming strategic plan discussion. Beverlee DeJonge moved, with a second from Denny Doyle, that the USHBC recommend that the NABC consider this administrative issue. The motion carried.

There being no further business Denny Doyle moved, with a second from Ken Patterson, to adjourn the Council meeting. The motion carried and the meeting was adjourned at 12:05 pm.