

U.S. Highbush Blueberry Council
Meeting Minutes
February 26, 2010

Chairman Art Galletta called the meeting of the U.S. Highbush Blueberry Council (USHBC) to order at 9:00am on Friday, February 26, 2010. The first order of business was roll call by USHBC Secretary Neil Moore. The following USHBC members, as well as USDA representative Jeanette Palmer and USHBC staff members Mark Villata and Mary Nezbeth, attended the meeting, held at the Embassy Suites Phoenix Airport in Phoenix, Arizona:

Verne Gingerich (Region 1)	Adair Chambers-Peterson (Georgia)
Ron Bodtke (Region 2 Alternate)	Doug Krahmer (Oregon)
Art Galletta (Region 3)	Denny Doyle (New Jersey)
Ken Patterson (Region 4)	Kirk McCreary (Public Member)
Rod Cook (Washington)	John Shelford (Importer Member)
Bob Carini (Michigan)	Guy Cotton (Handler Alternate)
Neil Moore (North Carolina)	

The second order of business was the approval of the minutes from the last Council meeting held on October 17, 2009. Minutes had been mailed to members and alternates following the October meeting. Denny Doyle moved, with a second from Rod Cook, to approve the minutes as written. The motion carried.

Agenda item three was an update from the USDA Agricultural Marketing Service by Jeanette Palmer. Palmer reported that appointments of 2010 nominees had yet to be confirmed by the Secretary of Agriculture, but should be announced shortly. Appointments of the two new importer seats are expected to take place later this year with these two new members starting their terms in 2011. She noted that the USHBC, along with all other national research and promotion programs, has received a letter from Secretary Vilsack asking that continued efforts be made to work toward diverse representation on the Council and its committees. Diversity will be a key area of concern with Secretary appointments in 2011, as well as seating members and alternates who have not served on Council positions in the past. Councils will have to provide rationale for appointments of individuals who have held a number of terms. USDA will also be asking for documentation of outreach efforts conducted by the Council to seek diverse representation.

Palmer updated the Council on the Secretary's decision to not go forward with the \$24 assessment rate and provided an overview of the approval process noting that the decision was published in the February 23, 2010 edition of the Federal Register which stated, *"In summary, the opposing commenters expressed concern with doubling the assessment rate in light of current, poor economic conditions. Several commenters also argued that there is no need to increase the assessment rate because revenue should increase with the anticipated increase in production. Others raised concerns about growers being able to cover their production costs if the assessment rate doubled. Given the comments received, AMS agrees that the proposed rule increasing the assessment rate from \$12 to \$24 per ton should not be finalized."*

Committee members discussed this decision and what action the USHBC should have taken to move this increase forward. The general consensus was that the Council should have submitted more letters of support than it did and would need to do a better job of educating growers in the future.

Palmer then noted that the USHBC will have a 601 review this year with the USDA asking for comments on USDA regulations and how they impact small entities, as well as how the USDA can better manage these types of programs. Notice of the review appears in the February 23, 2010 edition of the Federal Register and is open for comment until April 26, 2010.

Agenda item four was an update on USHBC activities. Mark Villata reported that, as requested by the Council at our last meeting, he had put together a strategic plan progress report which notes strategic goals assigned to each committee and the actions each committee has taken to date to achieve their goals. He noted that overall the USHBC has made a great deal of progress in addressing our strategic directives to date with just a few goals yet to be met (see Exhibit #1).

He noted that as mentioned by Jeanette Palmer, decisions have yet to be made by the Secretary regarding Importer, Exporter, Public and Regional Member appointments for terms that were to begin January 1, 2010 but that a decision should be expected shortly. He mentioned that the nomination and election of state members and alternates for the 2011 to 2013 term is now taking place with growers in Michigan voting for the member and alternate from their state and the blueberry commissions in Oregon, Washington, New Jersey, North Carolina and Georgia conducting their own elections of their state representatives.

He finished his update stating that at the last Council meeting there had been some discussion concerning USHBC assessments levels and that a working group be formed to review assessment levels and report back to the Council. Areas that could be considered would be the current assessment exemption level of 2,000 pounds; assessment on u-pick operations; assessment of juice stock berries and organic assessment exemptions. An ad hoc committee manned by Verne Gingerich (*West*), Ron Bodtke (*Midwest*), Denny Doyle (*East*) and Neil Moore (*South*) has been formed to discuss assessments and will bring comments to the Council as soon as possible.

Agenda item five was the selection of the handler member and alternate for seating January 1, 2011. USHBC Industry Relations Committee Chairman Ken Patterson reported that his committee had requested nominees for these positions and, based on response and committee review, recommends Paul Macrie as the USHBC handler member and Guy Cotton as the handler alternate with Richard Fiorelli and Bo Slack as additional nominees for the consideration of the Secretary. Denny Doyle moved for acceptance of these nominees. Ron Bodtke gave his second and the motion carried.

USHBC Committee reports followed as the sixth item of business. USHBC Finance Committee Chairman Doug Kraemer reported that his committee had met to review the results of the 2009 audit, review final expenditures for 2009, discuss current cash position and review the currently approved 2010 budget. He stated that the auditors had provided the USHBC with a "clean" report with no material findings and that copies of the audit report are available to any industry member on request. He moved that the Council approve the 2009 audit as presented. Ken Patterson gave his second to the motion and the motion carried.

Krahmer stated that the committee had reviewed 2009 budget expenditures which totaled \$2,729,071 out of a budget of \$3,382,692 (80% of the budget) and strongly encourages USHBC committees to reduce their reserves in the future and put their dollars into specific programs (see Exhibit #2). The Finance Committee had also reviewed the Council's current cash position and based on this review projects a total of \$3,930,729 available for 2010 (see Exhibits #3 and #4).

Krahmer reported that staff had suggested changes to various line items in the previously approved 2010 budget totaling \$33,850 which include a \$2,000 increase to Industry Relations; a \$25,000 increase to Good Management Practices; a \$4,250 increase to General Expenses; a \$3,600 increase to administration and a \$1,000 decrease in USHBC Program Fees. With these revisions, the USHBC Finance Committee recommends a 2010 budget of \$3,930,729 allocated as follows (see Exhibit #5):

Market Promotion and Publicity	\$1,985,000
Research	\$ 453,500
Industry Relations	\$ 78,250
Good Management Practices	\$ 100,000
USHBC Program Fees	\$ 177,000
General Expenses	\$ 97,325
Administration	\$ 349,587
Travel and Meeting Expenses	\$ 122,050
<u>Uncommitted Reserve</u>	<u>\$ 568,017</u>
TOTAL	\$3,930,729

The Finance Committee further recommends that a total of \$129,150 be allocated out of the Uncommitted Reserve following this meeting to any committee with an approved proposal. Krahmer also reported that his committee will once again conduct its biannual internal audit of the USHBC office in Folsom, California in November of 2010 and has asked staff to include a management representation letter each February along with the yearly audit report. At the close of his report Doug Krahmer moved, with a second from Kirk McCreary, to accept the Finance Committee report. The motion carried.

Following the report Kirk McCreary brought up the fact that the USHBC carries a substantial yearly uncommitted reserve and suggested that the Council encourage a greater use of these reserve dollars. Krahmer noted that if the Council receives additional favorable proposals, consideration should be given to funding these activities out of this reserve. It was also noted that many of the reserve categories in the USHBC budget are actually funds that the committee may have earmarked for future activities and that perhaps the word reserve should be changed to "unallocated expenses" where appropriate.

Mike Mainland provided the USHBC Research Committee report. He stated that the Research Committee had met the previous day and had discussed progress made to date on a number of current USHBC research projects. He noted that initial research efforts had focused on age related diseases but that recently exciting work is being done in the areas of diabetes and breast cancer. He noted that the committee is addressing its strategic goals. The committee had discussed potential new studies including a continuation study by Dr. Cefalu based on initial results of his

diabetes research. The committee will allocate \$250,000 to his next phase of research. The Research Committee had also discussed a bird control study evaluating anthraquinone as a means to control bird damage to blueberries and will allocate \$15,000 as a share of the cost of this project. Mainland also reported that his committee had discussed the expansion of Dr. Krikorian's study. Krikorian is seeking an NIH grant for this study and the USHBC and WBANA will be supplying a blended blueberry powder and placebo for this large human trial. The USHBC will allocate \$19,000 for our share of the powder and placebo costs. The committee has also agreed to supply up to 50 cans of powder to researchers free of charge and will look into getting intellectual property rights on the placebo. Legal documents to limit the liability on powder and placebo use will also be considered. A total of 3,600 pounds each of Rubel and Tifblue will be freeze dried this season for our blueberry research bank, considerably greater than previous levels based upon anticipated research activities in the current year.

Mainland closed his report noting that the Research Committee will be working over the next few months to come up with a budget figure for anticipated 2011 projects and will finalize this number by September in time for the USHBC budget planning cycle. He also noted that you never know when an important research project may come up and that his committee could use some of the \$129,000 reserve to allow for any unanticipated research work in the coming year. Mainland then moved, with a second from Denny Doyle, to accept the report of the Research Committee and the motion carried.

Ron Bodtke noted that the industry needs to know the importance of the USHBC research efforts and how this research is benefiting the blueberry grower. Frank Bragg suggested that given the limitations on the USHBC assessment rate a committee of marketers should get together to help fund promising health research projects which the USHBC might not be able to afford at current assessment levels. He believed that many in the industry would be supportive of this type of funding assistance given the importance of continuing and building upon the health research momentum.

Ken Patterson, USHBC Industry Relations Committee Chairman, provided his committee report noting that a number of the topics his committee had addressed at its meeting had been addressed by the Council during today's meeting. He noted that a newly designed USHBC annual report is coming together and should be ready for printing in March and distributed in April. Patterson then asked Francisco Allende to provide an update on the formation of the International Blueberry Organization (IBO). Allende reported that the IBO has hired a legal representative in Washington D.C. who has completed the steps to register the IBO as a Non Profit Corporation. Articles of Incorporation have been filed in the District of Columbia and the organization has applied for a Tax ID number. He noted that the IBO Articles of Incorporation are being sent to all international blueberry groups who have expressed interest in the IBO to date. These charter members are being asked for initial annual dues of \$750 to help cover start up and legal costs.

Allende stated that the IBO anticipates its first annual meeting to be held in April of 2011 with a host country yet to be confirmed. At this point they plan for a 3 day agenda with the first two days devoted to country reports including production, varietal research, promotional success and health research and the last day devoted to growing area and packing facility tours. At this point, eleven individuals from the USA, Chile, Uruguay, Argentina, Australia, England and South Africa have expressed initial interest in being part of the IBO.

Patterson then continued his report noting that the Industry Relations Committee had discussed the continuation of the USHBC Acreage and Production Report and has asked Cort Brazelton to update his current report and present initial figures to the Council at our next meeting this Fall. A final report will be printed for distribution to the Council in the Spring of 2011. The committee has set aside \$16,000 from its reserve to cover the cost of this report. The committee has also discussed the date for the 100th anniversary of the cultivated blueberry industry. The committee considered whether to set the initial date at 1912 when Elizabeth White and Frederick Coville had their first successful plantings of cultivated blueberries in Whitesbog, New Jersey or 1916 when White's first commercial production and sale of cultivated blueberries took place. It was the consensus of the committee that the year 1916 be considered the initial date making the 100th anniversary date 2016.

The committee had also discussed locations for future USHBC meetings and recommends Savannah, Georgia as the site for the 2013 Spring meeting and Wrightsville Beach, North Carolina as the site of the Fall 2013 meeting. Patterson concluded his report noting that the USHBC has to be proactive in getting the word out about child labor concerns. Efforts need to be made to educate the industry and help industry members understand their responsibilities. He noted that his committee recommends that blueberry commissions, councils and associations be provided with a draft agenda for a labor and social responsibility seminar based upon the successful meetings held in Michigan earlier this year and that this agenda be sent to blueberry groups along with an offer from the USHBC of supporting funds to help offset some of the meeting and/or speaker costs. Ken Patterson then moved, with a second from Doug Kraemer, to accept the report and recommendations of the Industry Relations Committee. The motion carried.

Keith Mixon then provided the report from the USHBC Good Management Practices Committee. He stated that his committee had completed a review of the third and final draft of the NABC good management practices booklet and has approved the booklet for distribution. He noted that at this time it appears that food safety, pesticide residues and labor are identified as our key threats. Copies of the booklet will now be printed and mailed to all growers and handlers on the USHBC mailing list by March 31, 2010 along with a cover letter asking the industry to adopt these procedures as at least their minimum guidelines. The booklet will also be placed on the NABC and USHBC website in PDF format for downloading and will be translated into Spanish and offered on request. A mention of the Spanish language version of the book will also be noted in the cover letter and will eventually be placed on both websites.

Mixon reported that his committee had continued its discussion of the updating of the industry crisis plan. Part of the updated plan will include a "rely on blueberries" program whereby we will be able to notify growers and handlers directly via phone or email to an industry issue and direct them to the USHBC website for updates and instructions. The crisis plan also includes media monitoring and media training for the following USHBC regional media spokespersons:

Northeast- Art Galletta and Denny Doyle
Midwest- Lorrie Merker and Frank Bragg
Southeast- Keith Mixon and Ken Patterson
Northwest- Roy Malensky and Dave Brazelton
Importers- Stan Crafton and John Shelford