

First Meeting of the NATIONAL PROCESSED RASPBERRY COUNCIL

June 3-4, 2013, Seattle – SeaTac Marriott

Board Attending:

<input checked="" type="checkbox"/> Sukh Kahlon	<input checked="" type="checkbox"/> Antonio Dominguez	<input checked="" type="checkbox"/> Hector Lujan
<input checked="" type="checkbox"/> John Clark	<input checked="" type="checkbox"/> Adam Enfield	<input checked="" type="checkbox"/> Rob Dhaliwal
<input checked="" type="checkbox"/> Rolf Haugen	<input checked="" type="checkbox"/> Brad Rader	<input checked="" type="checkbox"/> Jerry Stratton
<input checked="" type="checkbox"/> Karen Holzberg	<input checked="" type="checkbox"/> Eric Larson	<input checked="" type="checkbox"/> Jennifer Ryan

Alternates Attending:

<input checked="" type="checkbox"/> Arvinder Neger	<input checked="" type="checkbox"/> Gonzalo Bachelet	<input checked="" type="checkbox"/> Michael Christensen
<input type="checkbox"/> Frank De Vries	<input checked="" type="checkbox"/> Mark Van Mersbergen	<input checked="" type="checkbox"/> Jon Maberry
<input checked="" type="checkbox"/> Erin Thoeny	<input checked="" type="checkbox"/> Jon Cotton	<input type="checkbox"/> Don Sturm
<input checked="" type="checkbox"/> Guilia Tanghetti	<input type="checkbox"/> William Beadle	_____

Others Attending:

<input checked="" type="checkbox"/> Tom Krugman	<input checked="" type="checkbox"/> Kim Coy	<input checked="" type="checkbox"/> Henry Bierlink
<input checked="" type="checkbox"/> Tom Skilton	<input checked="" type="checkbox"/> Randy Hencoop	_____

x = attending o = absent with notice

GOAL:

Have the check-off operating efficiently and effectively as quickly as possible.

MEETING OBJECTIVES:

1. Review legal framework, USDA's oversight role, policy guidelines and procedures, and Council's role and functions.
2. Establish governance structure; consider appropriate Committees of the Council and their responsibilities.
3. Establish organization and operational framework.
4. Appoint interim staff.
5. Review potential program direction.
6. Approve initial interim budget

A. Welcome, Introductions, and Election of Chair

1. Roll call of members; identify guests—USDA

Kim Coy called the meeting to order at 10:03. Kim called the role of council members and alternates. Guests were recognized and introduced.

2. Agenda & Meeting Structure—USDA

Adam moved approval of the draft agenda that had been distributed; Rob seconded the motion which received unanimous approval.

3. USDA Official Remarks—USDA

USDA Deputy Director Ann Alonzo welcomed the council via a videotaped message. She congratulated the group on getting the Council established and committed the USDA to be a full partner in achieving the goals the Council sets for the benefit of the raspberry industry.

4. Confirmation of Appointments, Remarks —USDA

Kim presented the council members and alternates with a certificate of appointment and led the group in the oath of office.

5. Election of Chair—USDA

Kim presented two options for electing a chair. The council could choose to go through a nomination process or conduct an anonymous ballot. Consensus was to go through a nomination process.

Rob nominated John Clark for chair. Adam seconded the motion. Hearing no more nominations Kim closed the nominations and John Clark was elected Chair on a unanimous ballot.

B. Chairman's Remarks/Initial Items

1. Review Antitrust Guidelines—Legal Counsel

Antonio introduced Tom Skilton as a DC based attorney that had represented several Chilean berry growers on US legal matters. Tom had been a valuable member of the team that had helped develop the application for a Raspberry Research and Promotion Program and has continued to assist the process as it moved through the USDA approval process.

Tom gave an overview of the U.S. antitrust laws and their applicability to the Council, and presented a draft Anti-trust policy for the Council to consider. This would be contained in a Policies and Procedures document that the council would need to approve to function within the confines of the law. The importance of following proper procedures and avoiding areas of discussion that cross legal boundaries was emphasized.

2. Chairman's Remarks and Meeting Objectives—Chair

John reflected on the awesome responsibility and opportunity serving on this Council presented to each member. He noted that the council will be the guardian of the producers' assessment dollars and that he had high hopes the Council would be able to invest those dollars in a manner that would build a strong and stable raspberry industry.

C. Overview Presentation: Mutual Roles

1. USDA Role—USDA

Kim presented an overview of the federal authority for creating the Research and promotion Programs (*The Commodity Promotion, Research, and Information Act of 1996*), the recently adopted order creating the National Raspberry Council (*Processed Raspberry Promotion, Research, and Information Order*), the Guidelines for USDA/AMS oversight for Research and Promotion Programs, and the "dos" and "don'ts" that the Council needs to adhere to.

Kim then led the Council through organizational charts indicating how this program was related to the rest of the USDA programs. The charts indicated the role and structure of the Ag Marketing Service (AMS), the Fruit and Vegetable Program, and its Promotion and Economics

Division which guides the Research and Promotions programs. She emphasized that no official activity/meetings could occur without the knowledge of this office.

2. Raspberry Council's Role—USDA

Full knowledge of the proper authorities and procedures outlined in the Act and Order and dedication to the mission of the Raspberry Council are the key responsibilities of each council member. USDA presented a 14 point list outlining the specifics of these roles.

3. Best Practices/Lessons Learned (Information)

Kim noted that there had been several key lessons learned by administering other R & P programs over the past 20+ years. USDA submitted a list of these lessons for the Council to consider. Good communication with the industry was stressed.

4. Sign Conflict of Interest, Lobbying & Ethics Certification

A Conflict of Interest, Lobbying & Ethics Certification form was presented to each Council member and alternate. These forms were signed by all members present and collected by Kim.

D. Governance

1. Review and discuss by-laws

A draft set of by-laws governing the day-to-day operations of the Council was presented for the Council's consideration. Tom K led the council through the draft and answered questions from Council members. Kim noted that it is easiest to make changes to the draft because once the by-laws are approved by the Council they would then be submitted to the USDA for approval. Any future changes desired by the Council would need subsequent approval by USDA which injects a delay into the approval process.

Discussion surrounding the Mission Statement led the council to a discussion of the purpose and direction of the Council. Tom K was invited to present his summary of current promotional programs and vision for future tactics at this point so that the council could be clearer on how they wanted to structure the Mission Statement. This report precipitated a discussion on priorities and focus areas for the Council. Consensus pointed to adopting a Strategic Plan similar to what has been guiding the WA Red Raspberry Commission which focuses on research directed at discovering the health benefits of raspberries, distributing these research results to key audiences, exploring product development, and developing industry stories around emerging trends such as "sustainability", or "local production".

Adam moved to recess for lunch, Hector seconded.

John called the meeting back to order at 1:07.

Tom K and Tom S were asked to incorporate the suggested changes to the by-laws into a revised version to be considered Tuesday morning. That discussion elicited a debate over the preferred name for the Council.

Adam moved to remove the word 'processed' from the name, Rolf seconded, motion carried 11-1 with Hector opposed.

Tom K was directed to discuss this preferred name change with groups like the North American Raspberry Blackberry Association and the fresh raspberry companies to outline the reasons for the desired change and seek their approval.

Rob moved to adopt the revised set of by-laws, as amended, Antonio seconded, motion carried unanimously.

2. Elect Vice Chair(s), Secretary, Treasurer

John opened nominations for Vice-Chair. Adam nominated Rob, Sukh seconded. No other nominations were presented. Rob was elected by unanimous vote.

Rolf moved to combine the Secretary and Treasurer positions, Eric seconded. This motion received unanimous approval.

Rolf nominated Brad to the combined position, Jennifer seconded, motion carried unanimously.

3. Discuss Potential appointments to Council At-Large position & alternate

The rationale for the 13th seat on the Council was presented. It was meant to represent a resource that could make valuable contributions to the council. Consensus was to wait to appoint this position until clear direction had been established.

4. Consider Committees of the Board; review committee roles

There was substantial discussion over the need for committees and what committees were desirable. Adam moved to create Executive, Research, and Marketing committees, Rolf seconded, motion carried unanimously.

John appointed the following as Chairs and members. The council anticipates adding non-council members to these committees as needed in the future.

Executive – John, Rob, Brad

Research – Adam, William, Michael, Erin, Jon, Sukh

Marketing – Brad, Antonio, Jennifer, Mark, Hector, Eric

Rob moved to approve the slate of committee members as appointed, Hector seconded, motion carried unanimously.

E. Operations, Organization and Structure

1. Consider and approve interim location, operational structure, and staffing (contractors, employees)

Rolf expressed concern over simply adopting the same team of individuals that have been guiding the WRRC's promotion efforts in recent years. His hope is to have a productive search for the appropriate team to lead the Council through its early years. That feeling was contrasted with the need to get a lot of foundational work done quickly. The proposal from the WRRC to begin work with the team that is currently engaged and establish a timeline for a more robust

RFQ process was discussed. A nine month interim strategy rather than the 21 month suggestion received consensus approval.

Jennifer moved to establish the office location at 1796 Front Street, Lynden, WA, Sukh seconded; motion carried unanimously.

Antonio moved to make use of contractors rather than employees and to offer contracts that will expire at the end of the 2014 Fiscal Year (March 31, 2014), Jennifer seconded, motion carried unanimously.

Antonio moved that we accept the 4 contractors as outlined in the proposal with costs excluded, Rob seconded; motion carried 11-1 with Rolf opposed. Contract guidelines and a budget are needed before costs can be assigned to these contracts.

2. Discuss Council policies, matters required to begin operations

Hector moved to have an RFQ for all contracted positions presented at the November meeting with the intent to issue the RFQ in late 2013 meeting, have the Executive Committee function as a Search Committee, and a permanent slate of contractors selected by February, 2014 to begin April 1, 2014. Rob seconded the motion which passed unanimously.

In looking at future meeting dates and locations, November and April were acceptable to members, with Seattle being one of the locations. Brad moved and Eric seconded a motion to establish November 4-5, 2013 in Seattle as the next meeting date and location. Motion passed unanimously.

3. Travel expense reimbursement policies and form

Brad moved to strike the allowance for business travel from the proposed Travel Policy in the Policies and Procedures Handbook, Adam seconded, motion carried unanimously.

Rob moved to establish a daily per diem for council members, alternates, and committee members of \$100/day rather than track all meals and incidental costs, Brad seconded, motion carried unanimously. Rob also moved to strike the allowance for personal calls, Antonio seconded, motion carried unanimously.

Adjustments were made to the business meals and entertainment reimbursement policy for council members and contractors. Adam moved for approval of the amended Travel Policy, Brad seconded, motion carried unanimously.

Rolf moved to approve adoption of the reimbursement form with per diem reflected as a miscellaneous expense, Karen seconded, motion carried unanimously.

F. Programs:

1. Check-off Program Goals and Objectives: What constitutes our vision for success? How do we measure success?

What should be the Council's goals and how to measure success stimulated a vigorous discussion by the Council. Kim advised the council to 1) create a strategic plan to outline what the council intends to do, 2) create and submit a Marketing Plan detailing what actions the council intends to take to realize its Strategic Plan (this needs higher level USDA approval), and 3) submit specific messages, actions for USDA approval (only a 3 day turn around). The direction began by the 2007 WRRRC Strategic Marketing Plan, presented in summary form, was generally agreed to be the interim direction allowing the Council some time to reflect on what adjustments may be needed.

Several ideas for measuring success were suggested including:

- Using Survey Monkey to gather stakeholder input
- Measuring the total number of raspberry products on store shelves
- Determining the % of raspberries included in these products
- Market share compared to other fruits
- Measuring per capita consumption of frozen raspberries

'Make the consumer hungry for raspberries'' was the most concise goal mentioned.

2. Review current industry programs; Program Review

This agenda item was discussed as part of the discussion forming the Mission Statement in the By-Laws discussion.

The meeting was recessed at 4:45 to be resumed at 8 am.

John called the meeting back to order and re-established a quorum at 8:05 am, June 4.

3. Report from the WRRRC on its role beyond Check Off

Henry gave an abbreviated presentation of the US raspberry industry which had been presented at the International Raspberry Conference in 2012. He also noted that the WRRRC, as the lead proponent for forming the NRC, would be committed to doing whatever it can to help the NRC accomplish its mission.

4. Discuss priorities and RFP Guidelines

Tom K and Tom S presented a revised set of Policies and Procedures. Adam moved to approve the revisions to the Contract Guidelines, Brad seconded, motion carried unanimously.

Brad moved to issue contacts to the approved slate of contractors with a beginning date of as soon as we have USDA approval and an ending date of March 31, 2014, Jennifer seconded, motion carried unanimously.

Kim noted that a Marketing Plan had to be submitted with the budget to get USDA approval for taking any actions. Tom K was directed to work with the Marketing Committee to prepare this Plan, with actions points, in draft form to be presented to the council for an email adoption by mid- June.

Kim suggested a teleconference call this coming Fall to review work progress to date and general program updates prior to the November meeting. Rolf moved, and Jennifer seconded establishing a date of September 25 for the call, with time to be determined. Motion carried unanimously. Kim will not be available for this meeting but will ensure that her back-up is available.

5. Discuss Assessment Collections Procedures

i. What date do they become mandatory?

Kim and Henry reviewed the confusion over when assessments were due. Either it was the proclamation of the Order (May 8, 2012) or the designated date for date stated in the order for when collections would become due (September 5, 2012). The difficulty of collecting assessments on any raspberries, both domestically produced or imported, before the council had its first meeting was discussed. USDA believes that the only choices of assessment implementation dates are May 8 or September 5. Rob moved to have the Sept. 5th date become the official date when all raspberries imported or domestically produced would become due, Rolf seconded, and motion carried 11-1 with Sukh opposed. Kim noted there are 135 importers of record with 72 of them importing over the 10-ton threshold.

It was noted that a small amount of 2012 domestic assessments had been paid. Brad moved to credit the amount paid on 2012 production to the 2013 assessments owed, Rob seconded, motion carried unanimously.

ii. Option for Customs to collect at Ports

The change in policy at US Customs to require a one-time set-up fee to develop the assessment collection system has caused no assessments to be collected at the Ports. Initial estimates of costs to set up this collection protocol were \$180,000. Kim will check to see if this is still the estimate we should be considering. AMS has tracked raspberry imports since establishment of the order and the council is expected to invoice importers of record based on this data. The Council chose to not make a request to Customs at this time and to gather more cost data and make this decision at the November meeting. In the meantime, the Executive Director was directed to work with USDA to invoice and collect assessments due since September 2012 and until a final decision is made.

iii. Conversion rates?

The council was alerted to remaining questions around proper conversion rates for the HTS code #2007.99.65.10 (concentrated purees and jams). It is currently set at a 1:1 equivalent with IQF. No simple way of measuring what is a fair assessment for these products seems to exist, and as the volume is believed to be low, the 1:1 rate was left as is.

6. Review first year cash flow projections

The decision to not assess the 2012 domestic crop prior to September 5th indicates that the FY2014 revenue will likely be under \$400,000. A full budget of estimated \$1.2 million should be available for preparing the 2015 budget.

7. Discuss and approve 2013 Interim Business Plan and Budget

The Council reviewed, amended and adopted the budget below on a motion by Rob, seconded by Jerry. Motion carried unanimously.

INCOME

Assessments

FY-2013 (September 5, 2012 through March 31, 2013)

Domestic	Owed	\$	4,000	
Imports	Owed		375,128	\$ 379,128

FY-2014 (April 1, 2013 through March 31, 2014)

Domestic	04/01/13-03/31/14	\$	503,939	
Imports	04/01/13-03/31/14		578,618	\$ 1,082,557

Interest 10,826

Other Revenue -

TOTAL REVENUE \$ 1,472,511 (1)

ADMINISTRATIVE EXPENSES (cannot exceed 15% of assessments and other income)

Administrative Contracts

Executive Director		\$	35,000	
Administrative Assistant			-	\$ 35,000

Travel and Meetings

Board & Committee Meetings		\$	12,500	
Staff			6,000	
Meeting Expenses			3,000	\$ 21,500

Professional Services

Finance /Admin		\$	18,000	
Audit			-	
Legal			12,000	\$ 30,000

Other Operational Expenses

Bank Fees		\$	500	
Employment Tax			-	
Equipment Purchase/Lease			3,000	
Health Insurance			-	
Insurance and Bonds			5,250	
Memberships			1,500	

Office Furniture	-	
Office Rental	-	
Office Supplies	2,100	
Phone/Fax/Internet	3,000	
Postage/Shipping	600	
Printing/Copies	1,250	
Repairs/Maintenance	250	
Retirement Benefits	-	
Software	1,500	
Staff Recruiting	-	
Subscriptions	875	
Utilities	-	
Miscellaneous	3,000	\$ 22,825
TOTAL ADMINISTRATIVE EXPENSES		\$ 109,325
RESEARCH AND PROMOTION PROGRAM EXPENSES		
Marketing and Promotion	\$ 193,000	
Industry Communications	20,000	
Research	197,118	
New Markets	10,000	\$ 420,118
FEDERAL GOVERNMENT FEES		
USDA Repayment (2)	\$ 71,338	
USDA User Fees	65,000	
Extraordinary Legal		
US Customs Start-up Fee	\$250,000	
TOTAL GOVERNMENT FEES		\$ 386,338
TOTAL EXPENSES		\$ 915,781
RESERVE (Income less Expenses)		\$ 556,729
TOTAL RESERVE and EXPENSES		\$ 1,472,511

1) Collected by USDA to date: \$173,695.13

2) Total due USDA: \$214,015

G. Strategy for Industry Relations

H. Other Business and Adjourn

1. Final Decisions

- Adam moved to adopt the Policies and Procedures manual as reviewed and amended, Rob seconded, motion carried unanimously.
 - Rolf moved to require Tom K to purchase a bond, Hector seconded, motion carried unanimously.
 - Rolf moved to have Tom K prepare the budget narrative to accompany submission of the adopted budget, Jennifer seconded, motion carried unanimously.
 - Rolf moved to approve expenses for alternates to attend the first 2 meetings of the NRC, Brad seconded, motion carried unanimously.
 - Adam moved to direct Tom K to draft all remaining needed policies and present them to the council for email confirmation, Jerry seconded, motion carried unanimously.
 - An Executive Session was called to discuss initial personal service contracts. In open session, Rolf moved to approve the Contractor rates and amounts for the remainder of the fiscal year (through March 31, 2014) as shown below:
 - Tom Krugman, Executive Director: \$10,000 for the first month and \$7,000 for each additional month, a total of \$66,000, with \$15,000 for expenses. Contract not to exceed \$81,000 with monthly reports due.
 - Tom Skilton, Legal Counsel: \$200 per hour with \$7,000 for expenses with the contract not to exceed \$25,000. A MOU will need to be signed by contractor and USDA.
 - Leigh Selby, Wellness Coordinator: \$80 per hour plus up to \$5,000 expenses. Contract not to exceed \$19,400.
 - WRRRC, Industry Support: \$2,000 per month, contract not to exceed \$18,000.
- Jennifer seconded, motion carried unanimously.
- Tom K was asked by the Council to prepare a press release detailing the progress that had been made at the initial meeting and some sense of what it intends to accomplish for the raspberry industry.

2. Approve 2013 and 2014 meeting dates

Rolf moved to set a September 25th teleconference to address numerous policies that remain to be adopted, Jennifer seconded, motion carried unanimously.

Brad moved to set the next council meeting for November 4-5 in Seattle, Eric seconded, motion carried unanimously.

ADJOURNMENT

Rolf moved to adjourn at 2:38, Jennifer seconded, and John adjourned the initial NRC meeting.