

NATIONAL PROCESSED RASPBERRY COUNCIL

Teleconference

January 15, 2014; 1:00 p.m. PST

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 type="checkbox"/> Rolf Haugen	<input checked="" type="checkbox"/> Brad Rader	<input checked="" type="checkbox"/> Jerry Stratton
<input type="checkbox"/> Karen Holzberg	<input checked="" type="checkbox"/> Eric Larson	<input type="checkbox"/> Jennifer Ryan

Alternates Attending:

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

Others Attending:

<input checked="" type="checkbox"/> Tom Krugman	<input checked="" type="checkbox"/> Kim Spriggs	<input checked="" type="checkbox"/> Henry Bierlink
<input checked="" type="checkbox"/> Tom Skilton	<input checked="" type="checkbox"/> Leigh Selby	

x = attending o = absent

CALL TO ORDER; ESTABLISH QUORUM

The Conference Call was called to order by John Clark at 1:05 p.m. PST. Roll call disclosed a quorum to be present. John thanked Council members and alternates for participating.

APPROVAL OF MINUTES

On a motion by Brad and seconded by Antonio, the minutes from the November 4, 2013 meeting were approved as submitted.

REPORTS

a. Administrative Services

Tom K reported on an inquiry by the WRRRC to the Washington State Department of Agriculture regarding its ability to provide Administrative Services to the Council. A ruling came back that the WRRRC could not supply these services to an outside agency. Accordingly, the contract between WRRRC and the Council has been terminated and a new contract has been issued to provide these services. Terms of the contract were not changed.

b. Tag-Line

Tom S summarized progress towards registering the Council's tag line as well as a presenting a recommended course of action moving forward. Referencing the explanatory memorandum dated January 13th included with the meeting materials, Tom explained that the Earthgrains Baking Companies ("Earthgrains") has begun using its similar mark on retail bread products and is expected to receive registration at the USPTO for its use on bakery products within the next several months.

Tom and his firm recommend that the Council seek to negotiate a "co-existence" agreement with Earthgrains with both parties agreeing that each should be able to use its own mark in certain specified ways. Potential agreement terms were presented in the memorandum that would allow each organization to use its tagline in ways that would not compromise the other organization's interests. By unanimous agreement, the Council instructed Tom to proceed with the negotiation of such a "co-existence" agreement with Earthgrains subject to Council (and USDA) approval of any final agreement.

c. Importer Assessment Collections / Customs

Kim Spriggs provided an update on progress towards contracting with U.S. Customs (Customs and Border Protection) to collect assessments on imported processed raspberry products. A recent call between USDA and Customs revealed that Customs is in the middle of updating its data collection systems, and that neither changes nor additions may be made to the new system until after the new system is online. USDA pressed Customs to honor its MOU with USDA to collect import assessments, and Customs asked for two weeks to investigate what it could do. The Council discussed the possibility of individual members contacting their congressional delegations to attempt to put pressure on Customs to honor its obligations and to provide the terms under which it would program its system to permit assessment collections at the border. Kim Spriggs reminded the Council that any such efforts must be made by members/alternates in their individual capacities without Council involvement as the Council is prohibited from engaging in any lobbying activities. In such case, however, Kim stated that AMS would not object to individuals engaging in such efforts in their personal capacity.

d. Collection of Delinquent Assessments; Penalties

Tom K reported on progress towards collecting delinquent assessments from importers and domestic first handlers. The first assessment period due date was December 31, 2013, and final documentation is being collected to reconcile account status for importers or handlers. Once this is done, USDA guidelines for the collection of delinquent assessments would be followed prior to turning over any remaining delinquent accounts to USDA for collection.

Tom S referred Council members to the Order which provides for a late payment charge to be imposed on any handler or importer who fails to remit the total assessment on or before the

due date established by the Council. An interest charge can also imposed on the outstanding amount for which the first handler or importer is liable. Tom also referred members to his explanatory memorandum dated January 13th included with the meeting materials. He noted that most of the AMS R&P programs levy a one-time late payment charge equal to 10% of the delinquent balance followed by an interest charge equal to between 1.5% - 2.0% compounded monthly. Kim noted that the Highbush Blueberry Council levies a 5% late fee and a 1% interest rate (compounded monthly) on delinquent assessments.

Extended discussion ensued on appropriate penalty amounts, interest on outstanding balance, timing of applying the penalty and interest rate, and whether the Council could waive the penalty under extenuating circumstances. Kim stated that only the OGC could waive penalties, but that the Council could make a recommendation to do so on a case-by-case basis. The allowable reasons are spelled out in the USDA/AMS guidelines and are fairly restrictive, presenting a high standard before a waiver could be issued because it involved waiving a law. She also indicated that the Council should adopt reasonable rates using precedence of other Boards. Henry noted that there were three classes of delinquent payments: those where there had been no response at all, those where there had been partial payment, and those where imports had been reported under an incorrect HTS code.

A motion to suspend consideration of this subject until the May Council meeting by William and seconded by Hector failed by a vote of 1 in favor (E. Larson) to 7 opposed, with 1 abstention (H. Lujan).

Discussion returned to late fees and interest rates on outstanding balances, noting that while a ten percent penalty was appropriate, a two percent interest rate may be too high. Kim stated that Council action could be to establish the penalty while petitioning for approval of a proposed interest rate, with rule making taking up to six months.

On a motion by Brad, seconded by Rob, it was unanimously passed to establish a penalty of 10% (ten percent) to be charged on CY 2013 assessments that remain delinquent as of March 1, 2014, and that an interest rate of 1% (one percent) be recommended on outstanding balances as of the date of the established rule. Further, in future years, all assessments would be considered due and payable 31 (thirty-one) days after the close of the crop year, with the 10% (ten percent) penalties and 1% (one percent) interest levied (compounded monthly) and accruing after this time.

e. Membership Opportunities

Tom K reported on two membership opportunities presented for Council consideration. The first was the National Berry Crop Initiative, or NBCI. NBCI is the host organization for the Berry Health Benefits Symposium and is currently working to gain recognition of the berry category in the Dietary Guidelines. Most other berry groups are represented, fresh as well as processed. Antonio noted that the NBCI's mission focused on growing domestic production which ran

counter to the Council's role to promote processed raspberries regardless of origin, and the focus should be demand or consumption growth, not production growth. This concern was shared by others, noting that the NBCI also engages in quasi-lobbying efforts. This has made it difficult for other berry R&P programs to participate, deferring to state or other organizations to represent their interests. There was a general consensus to delay further discussion until May and not take any action at this time.

The second organization presented was the Commodity Roundtable, composed of staff leaders of the various R&P programs. The Roundtable meets twice per year with USDA/AMS to discuss changes in laws or guidelines, and to discuss issues of mutual concern. Cost of participation for the Council would be \$990 per year. Kim had no experience with the Roundtable so could not provide perspective but suggested the Council consider membership for one year and then re-evaluate. There was no Council consensus and no action was taken.

NEW BUSINESS

Tom K presented a broad overview of the process of developing Committee and Council Narratives, along with the amended budget that was required by the change in fiscal year definition. As a result of the recent change (recommended by the Council on November 4, 2013 and thereafter approved by the Secretary), fiscal year 2014 was modified to terminate on September 30, 2014, instead of March 31, 2014. Changes in administrative budgets were those that were the result of the fiscal year extending through September 30, and/or the extension of contracts to the end of the fiscal year. For Research, the only new activity was the possible addition of funding for New Technology projects, while Marketing added a series of Trade Education and Public Relations activities. Income shown was based on the 2014 domestic crop and imports between April and September, with assessments reflected on an accrual basis.

a. Research Committee

Adam then reported on action taken by the Research Committee. FY 2015 Nutrition Research projects had been reviewed and recommended, with their presentation to be at the May Council meeting. The Committee had reviewed five New Technology proposals, and while believing three had merit for consideration, felt that they should be discussed by the Council prior to taking action. The proposals had originally been presented to the WRRRC which had passed them on to the Council as a more appropriate vehicle for funding. Adam went on to note that the Committee had no guidance as there are no priorities or goals when considering New Technology proposals, and suggested a Task Force be appointed to create goals and priorities before the next Council meeting.

At this point, John appointed the following individuals to serve on a Task Force to create priorities and goals for the evaluation of future New Technology research proposals: Brad Rader, Adam Enfield, Henry Bierlink, Antonio Dominguez, and William Beadle.

Discussion returned to the three projects under consideration by the Council. On a motion by Brad, seconded by William, three projects, entitled “Ultraviolet Light (UV-C) Treatment for Improving Safety of Red Raspberries”, “Developing Edible Coatings for Raspberries for Their Use in Muffins”, and “Exploring Opportunities for Developing Value-Added Dried Products from Raspberries”, totaling \$44,721, were unanimously recommended for inclusion into the amended Research Narrative and Budget. On a motion by Brad, seconded by William, the amended Research Narrative and Budget as present were approved.

b. Marketing Committee

Brad then reported on a Marketing Committee conference call that had reviewed its detailed Narrative and marketing program goals. Activities that are underway include finalizing content approval for the website and social media and images to be used on the trade show booth. Social media and the web will be launched simultaneously with a press release to announce their status. Council members were encouraged to circulate the release through their contacts. He indicated that a Request for Proposal for a fully integrated PR firm would be forthcoming to implement the Council’s program beginning with the new fiscal year. The timing to do so was right as the Council’s program continues to grow from the building blocks that have been established by the in-house team. Activities proposed as part of the extended fiscal year include: production of a raspberry harvest video for use in social media, the website, and the trade show booth; development of a crisis communication plan; attendance or participation at additional trade conferences; and trade advertising.

On a motion by Antonio seconded by Adam, the Marketing Narrative and amended budget as presented were approved.

c. Council Narrative and Budget

Discussion then turned to the Council Narrative and consolidated amended budget. Tom K noted that the budget included amounts that were in the respective committee narratives.

On a motion by Rob and seconded by Adam, the proposed Council Narrative and amended Budget were approved without amendment.

John referred Council members to a memo he had sent out regarding terms of Tom K’s and Leigh’s extended contracts. Tom K had submitted a memo to Executive Committee members regarding time commitment in excess of what had originally been considered by the Council when it took action in November to extend the contracts on their current terms, and the expectation that the time required to fulfill the contract would continue to increase as Council activities continued to expand. After discussing with the other Committee members, there was agreement to recommend to the Council that it approve increases to the financial terms of the extended contracts of Tom K. and Leigh S. Specifically, the Executive Committee members

recommended increasing the value of Tom K's contract by \$1,000 per month, and Leigh's hours to 30 per month, both changes effective April 1, 2014 through the end of the fiscal year.

On a motion by Brad and seconded by Adam, it was unanimously approved to change the terms of Tom K's and Leigh's contracts to reflect an additional \$1,000 per month and a maximum of 30 hours per month, respectively, effective April 1, 2014.

d. AMS Forum

As a final piece of New Business, John recognized a letter he had received from the AMS Administrator asking for the Council to nominate up to five members to attend an AMS Forum on The Changing Face of Agriculture with a special emphasis on increasing diversity among R&P Boards. Tom K was directed to contact various Board members regarding their availability and interest, and to draft a nomination letter for John.

OLD BUSINESS

Antonio raised the question of appointing the thirteenth member of the Council to the vacant seat, and how that would happen. Kim noted that it was the Council's decision to make a recommendation for the Secretary's consideration. While there was no time constraint, it should be done no later than the next round of member elections, scheduled for 2015.

Tom K noted that the next meeting was scheduled for May 29 in Seattle with an Executive Committee meeting the evening before.

ADJOURNMENT

John again thanked Council members and guests for their participation during the call. There then being no further business, on a motion by Adam, seconded by Antonio, and unanimously approved, the Conference Call adjourned at 2:52 p.m. PST.