

NATIONAL PROCESSED RASPBERRY COUNCIL

Semiahmoo Resort, Blaine, WA

May 19, 2015, 9:00 a.m.

Board Attending:

<input type="checkbox"/> Sukh Kahlon	<input checked="" type="checkbox"/> Antonio Dominguez	<input 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 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 type="checkbox"/> Gonzalo Bachelet	<input checked="" type="checkbox"/> Jon Maberry	
<input type="checkbox"/> Frank De Vries	<input checked="" type="checkbox"/> Mark Van Mersbergen	<input type="checkbox"/> Don Sturm
<input type="checkbox"/> Erin Thoeny	<input checked="" type="checkbox"/> Jon Cotton	
<input type="checkbox"/> Guilia Tanghetti	<input checked="" type="checkbox"/> William Beadle	

Others Attending:

<input checked="" type="checkbox"/> Tom Krugman	<input checked="" type="checkbox"/> Tarun Harit
<input checked="" type="checkbox"/> Lisa Samuel	<input checked="" type="checkbox"/> Allison Beadle
<input checked="" type="checkbox"/> Jeff Gross	<input checked="" type="checkbox"/> Meghan Flynn
<input checked="" type="checkbox"/> Britt Burton-Freeman	<input checked="" type="checkbox"/> Lisa Craig
<input checked="" type="checkbox"/> Brian Beadle	<input checked="" type="checkbox"/> Trevor Faucett

x = attending o = absent

A. Call to Order; Establish Quorum; Review of Antitrust Guidelines

The Meeting was called to Order by John at 9:06 a.m. Roll call disclosed a quorum to be present. Guests were asked to self-introduce themselves.

B. Housekeeping

Tom reviewed the Council's Antitrust Policy noting that its primary purpose was to prohibit agreements or activities that lessen competition in order to protect the interest of consumers. The Guidelines prohibit discussion of pricing, geographic market allocation, supply limitations, and similar subjects, and apply to everyone participating in the meeting regardless of whether they are a U.S. citizen or not.

On a motion by Rob and seconded by Jennifer, the Minutes of the November 18, 2014 meeting of the NPRC were unanimously approved.

Tarun reminded Council members of the need to complete the Annual Compliance Certification if they had not done so already. If there was any question of whether they had completed a form or not, it was suggested they complete another. He then discussed the current nomination process for open Council seats or those whose term expires on December 31, 2015. In considering nominations, every effort should be made to increase diversity on the Council's Board. Diversity includes not only race and gender but socio-economic status, education, and orientation. He went on to ask Council members to encourage colleagues and neighbors to attend Council meetings, especially when they are close to a

producing area to improve industry knowledge about the Council's activities and how the industry's money was being spent.

In addressing the Council, John remarked that while he was impressed with the progress that the Council had made in a short period of time, he shared Tarun's concern about how to get the information back to the domestic industry and importers. He felt it important that they know if the Council is succeeding in its mission to grow demand and return value, and that the industry should know what tools are being used to measure growth. He expressed concerns about the industry's ability to sell inventory as volume increases, and asked for any comments from the Council. Brad said that it was important to track changing product movement patterns over time to gauge program effectiveness. Tarun agreed on the importance of ongoing metrics and the need to establish baselines for comparative purposes. Showing positive change over time would be part of the USDA's findings documented during the Council's continuing referendum slated for 2019. Antonio said much of the data on total supply was already available, but not by channel. Educating consumers and customers was important but hard to measure.

In his comments, Tom noted that this was a pivotal meeting, the first where the planning process was fully integrated from research to marketing. FY 2015 was a bridge, completing the development of a marketing infrastructure while implementing expanded market communication and education programs. He described the active involvement of the Committees through regular conference calls. As his final comment, he said that the Crisis Response Plan as begun during the November meeting was complete and would be the basis for Media Training to be conducted the following day.

C. FY 2014 Audit Presentation

Tom directed the Council to a copy of the Audit Report for fiscal year 2014. He stated that the report went back to the beginning of the Council, and therefore covered more than one year of activity. To complete the review, a certain amount of testing of A/P and A/R had been conducted by the Auditors.

The first two pages of the report outline the various responsibilities of management and the auditor, and recognized additional reports as required by Government Auditing Standards which must be applied to the Council given its affiliation with USDA/AMS. Most significant was that the opinion expressed by the Auditors was a "clean opinion" with no exceptions and with no material issues identified.

The Auditors had asked about conversion of concentrate assessed by both US Customs and the Council, an incorrect HTS code being applied to a non-raspberry import, and the possibility of double assessing resulting from the re-import of product brought in from Canada and subsequently exported or the import of domestic production previously exported to Canada. This led to a question by Rolf, asking whether it was possible to track imported mixed berry products to see how quickly volume was increasing in these products, and if any raspberries were being mislabeled in an attempt to avoid assessment. Tom noted that he would begin tracking these products. William asked if any domestic first handlers or importers were exempt from assessment either as 100% organic or minimal quantity. Tom said that no assessment exemption requests had been filed.

Returning the Audit, the Statements of Activities and Functional Expenses summarized and provided detail on revenues and expenses, respectively. Of \$829,000 expended by the Council during the period covered by the Audit, \$483,000 was expended on Programs, with \$346,000 on Supporting Services. The conclusion of the report addressed Auditor notes. The final letter in the report summarized audit standards as required by USDA/AMS, and comments on Internal Control procedures.

On a motion by Adam and seconded by Jennifer, the FY 2014 Audit Report as presented was unanimously accepted by the Council.

D. Research Committee

Adam began by stating that the Research Committee has begun a process of regularly scheduled conference calls to receive progress reports on currently funded projects. He went on to say that in response to an RFP issued in March, the Council had received twelve proposals for new projects of which five were included in the Committee's proposed FY 2016 research budget. These five were in addition to ongoing projects funded during FY 2015.

Allison reported that one of the current projects had been presented at Experimental Biology, an annual conference of emerging research. Preliminary data had been peer reviewed and was being finalized. When complete this Fall, a press release will be issued. It is expected that with the number of projects underway, more press releases will go out and findings incorporated into the Council's messaging. All current projects are now being tracked by a worksheet Britt had developed. The project tracker presents information on all projects in a uniform manner and allows for discussion by the Committee.

Looking at the proposed FY 2016 Research Budget, Karen noted only one project that dealt with food safety. There was question on what else could be done to mitigate industry exposure. Rolf agreed that it was important to push food safety. Britt stated that she was part of the Institute for Food Safety and Health and could investigate what could be done within its resources, suggesting an industry audit of real and perceived risk, identifying holes, and then recommending projects that might fill the gaps. Discussion felt it important to establish a Food Safety Committee tasked with bringing a recommendation back to the Council, looking at the USHBC Food Safety Committee as a model.

On a motion by Brad and seconded by Karen, the Council unanimously approved establishment of a Food Safety Committee. John then appointed Brad Rader, Eric Larson, Rolf Haugen, Karen Holzberg, William Beadle, Antonio Dominguez, and Andy Enfield to the Committee, with William to serve as its chair. Britt said she would have discussions within the Institute and report back to Tom.

On a second motion, made by Rolf and seconded by Adam, the Council unanimously approved the inclusion of \$10,000 in the FY 2016 budget to be used to launch the Food Safety Committee.

Britt then described the process that has been used to identify potential research projects for funding in FY 2016. A review identified any holes in existing research with a focus on established priorities, looking to fund human/clinical projects and/or animal studies rather than any additional cellular

studies. Projects looking at brain health, osteoarthritis, vascular function, and chronic inflammation as a function of metabolic syndrome were targeted for funding. Tom noted that the Committee was forwarding research projects totaling \$749,586 to the Council for funding in FY 2016 as described in the Research Narrative.

E. Marketing Committee Report

Brad provided an introduction noting the Committee's involvement in program and budget development over the last several months during regular monthly conference calls. There was considerable brainstorming and positive dialog during the calls leading to the programs that would be presented during the meeting.

In response to questions at the last Council meeting regarding the existence of a Mission Statement, Tom noted that there were two, one in the Policies and Procedures Manual, the other in the By Laws. While essentially the same, there were minor differences in the statements. The Committee used them as a starting point, and working with the Marketing Team, had created for Council consideration a Vision Statement and Mission Statement. Jennifer noted the emphasis on building demand and value for processed raspberries as a way to ensure the long-term viability of the industry. There was discussion on adding a statement about food safety in light of the action taken earlier, but it was felt that it was included in the advantages of processed raspberries. After additional discussion on the two Statements brought forward by the Marketing Committee, on a motion by Rob and seconded by Eric, the following Vision and Mission Statements were unanimously adopted by the Council, and approved for amendment into the By Laws and Policies and Procedures Manual:

Vision: Processed raspberries are the berries of choice.

Mission: The National Processed Raspberry Council will invest in research on the health and wellness benefits of raspberry consumption and communicate the advantages of raspberries to consumers, food manufacturers and foodservice decision makers in order to build demand and secure the long-term viability of the industry.

Allison was then asked to present an overview of FY 2015 program accomplishments to date. She began by stating that although the year was only half over, much had been completed in terms of foundation programs. First presented were the consumer and trade surveys. Jeff summarized the Consumer Survey, presenting the objectives and methodology before getting into an analysis of results and recommendations that were directed towards consumer messaging, potential product development, and a "real raspberry" certification program. The "real raspberry" certification program was of particular interest discussion identified the use of non-raspberry products to add color to foods labeled as "raspberry". In the consumer survey, consumers had responded favorably to the idea of identifying products that contained "real raspberries", and had said they would be more likely to purchase those items over competitive items that were not identified as having "real raspberries". The certification would create a seal that manufacturers or food service operators could place on packaging or menus, identifying the food or menu item as containing "real raspberries". Allison said that the recommendations were incorporated into the FY 2016.

Jeff then presented a summary of a trade survey that had been conducted by Mintel which looked at menu items and manufactured products. This survey provided recommendations to attract consumers and customers.

Finally Jeff presented the results of an ongoing grower survey, seeking to capture information about raspberry growers, and what they know and don't know about the Council and its programs.

Returning to the 2015 program, Allison summarized ongoing Consumer Media, Trade Marketing, and Health Professional communications activities. She talked about the digital resource audit that resulted in the recently launched re-designed website and a targeted Social Media program. After last November's issues workshop during the Council meeting, messages had been created as well as a media handbook. Both would be used during Media Training. Finally, she discussed industry outreach efforts currently targeting growers with a plan in place to add importer education and communications.

After a short break, the Marketing Team presented the proposed FY 2016 program. Its goal is to increase usage and value of processed raspberries among food manufacturers, foodservice decision makers, and consumers by strengthening the understanding of the benefits and advantages of processed raspberries using an integrated marketing communication program. Market Intelligence will continue to play an important role in the program, both to establish benchmarks as well as to measure progress. In conjunction with USDA/ARS, the Council will conduct nutrition analysis on processed raspberries and products to update the USDA nutrition panel. Learnings from the current communications program will be applied and leveraged in FY 2016. Support will be provided to the Research program to communicate results to the industry and trade press. A Roundtable will be conducted following the Berry Health Benefits Symposium, with researchers and marketers invited to provide input to the Council on emerging research and marketing opportunities for raspberries.

At the conclusion of the presentation, Tom reviewed the proposed marketing budget and narrative, which totaled \$737,500, and its various components. In light of action taken towards establishing a Food Safety Committee, question was raised as to the availability of funds to address a crisis in the raspberry industry. Tom noted that reserve funds could be allocated, or if necessary, contracted programs could be terminated with thirty days' notice to provide addition resources.

F. Executive Committee

Tom then presented the proposed FY 2016 budget and narrative as recommended by the Executive Committee. Total income for the year was projected at \$2,781,711, with expenses totaling \$1,917,586, leaving a September 30, 2016 reserve of \$864,125. As recommended, Administrative Expenses represented 8.9% of revenue. Research programs included both new

projects and those continuing from the current year. All research contracts are issued one-year at a time regardless of the length of the project. Marketing programs were consolidated under one management structure. Funds from the reserve could be allocated by the Board during a conference call or e-vote if necessary before the next meeting of the Council. After general discussion on the budget and the ability to fund future programs, on a motion by Brad and seconded by Rob, the proposed FY 2016 budget in the amount of \$1,917,586 and the accompanying Marketing, Research, and Board Narratives were unanimously approved.

G. New Business

Karen asked how the Council would measure success for its programs, and asked how similar organizations like the USHBC measured success. Rob noted that it uses similar metrics to those discussed during the marketing presentation, namely usage, new products on shelves, and per capita consumption. Discussion recognized the approximate five to seven year supply cycle for raspberries and the need to stretch this time period.

Rolf expressed concern about the use of beet juice as coloring for products labelled as “raspberry”, and questioned whether there was a way to track these products so as to present manufacturers with information on why they should include real raspberries. Allison noted that the FY 2016 marketing program included food manufacturer outreach, and this idea would be incorporated.

Tom recognized that the time would soon come when the Council would need to meet more than twice a year face-to-face to conduct its business. He believed this would be after FY 2016 as activities continued to expand, and a greater need for discussion that could not be accomplished in a conference call would exist. There was discussion on having a future meeting in late February or Early March to supplement the May and October/November meeting.

For the purposes of establishing the next meeting date and location, on a motion by Brad and seconded by Adam the Council approved November 2-3, 2015 at the SeaTac Marriott.

ADJOURNMENT

There being no other business to come before the Council, on a motion by Rob and seconded by Brad, the meeting was unanimously adjourned at 4:17 p.m.