

NATIONAL PROCESSED RASPBERRY COUNCIL

Executive Committee Meeting

November 17, 2014, 25:00 p.m. PDT

Committee Members Participating:

John Clark
 Rob Dhaliwal
 Brad Rader

Others Participating:

Tom Krugman Tarun Harit
 Jon Cotton

x = participating

A. Establish Quorum

The meeting was called to order by John Clark at 2:10 p.m. Roll Call disclosed a quorum to be present.

B. Approval of September 9, 2014 Minutes

On a motion by Brad, seconded by Rob, the minutes of the September 9, 2014 Conference Call of the Executive Committee were unanimously approved as submitted.

C. FY 2014 Budget Review

Tom K presented a review of the FY 2014 budget versus unaudited expenses. He began by noting that his estimates are conservative, with income estimated low and expenses high. For FY 2014, unaudited income was estimated at \$2.1 million versus a budget of \$2.4 million. The difference was described as timing of assessment receipt and approximately \$80,000 to be collected from importers or domestic first handlers. Timing will be addressed through the audit, and Tom S continues to work with importers and domestic first handlers on full collection of assessments due. Expenses were estimated at \$.8 million, resulting in an unaudited year-end reserve estimate of \$1.3 million available to be carried forward into FY 2015.

Attention then turned to a pro forma budget projection over the next three years, not as a management recommendation but instead in response to questions raised as to whether the Council could keep spending at the level it approved in FY 2015. Tom noted that FY 2015 represented investment in both research and marketing to get the program off the ground and was achieved due to the existence of carryover of funds from FY 2014. His projection for research only reflected those multi-year projects currently underway and not the addition of new projects if the Council issues an RFP this coming Spring. Committee members felt this unfairly presented the Council's intentions on nutrition research, and more projects were needed to keep the information pipeline full and fresh.

Question was raised regarding the expense of crisis management training and development of a dark site in anticipation of requiring a response to a crisis. Tom noted that these activities were included within the PR budget and would be discussed during the Council's meeting.

Tom reported on audit fieldwork scheduled for November 19-20, 2014 in Lynden, with Tarun joining him in meeting with the Auditors. The main focus of anticipated questions would concern contract performance and billing procedures and accounts receivable, specifically the potential for collection of delinquent assessments. Tarun noted that an entry interview had been conducted by phone the previous week, and he was satisfied that the Auditors were thoroughly testing the Council's books and records. Based on the significance of any findings, USDA could conduct a management performance review in Spring 2015. If there are no significant findings it is likely the performance review would be deferred until sometime in 2016.

D. Trademark Registration

Tom K presented a request from the Washington Red Raspberry Commission to be reimbursed \$3,000 for permanent assignment of rights to use the "the taste you love, the nutrition you want" trademark. He reminded the committee that the Council had paid the legal expenses of gaining the trademark but it was in the Commission's name as it had prior usage of the mark.

On a motion by Brad and seconded by Rob, it was unanimously approved to recommend to the Council a budget amendment in the amount of \$3,000 to obtain permanent assignment of the "taste you love" trademark.

E. USDA Report

Tarun reported that rulemaking regarding the 1% late fee had been published in the Federal Register for public comment, with the comment period closing December 12, 2014.

Discussion then turned to collection of delinquent assessments and specifically the collection of the late penalty from one domestic first handler. Tarun noted that as it was less than \$1,000 it was unlikely the OGC would pursue collection procedures as the return would be far less than the costs. Committee members recognized that it was a matter of principle, and that the Council was obligated to exhaust all collection procedures regardless of the amount owed in fairness to those entities that had paid their assessments in full.

The Committee agreed on pursuing a collection strategy that would include working with the WRRC to identify and quantify sales outlets in comparison to certified assessment reports, inform the handler that his books and records would be audited if he failed to pay in full, and that collection would be referred to the OGC pending completion of the industry's analysis. The Committee concluded that it was important to take every action possible to ensure complete collection of all funds due the Council, regardless of if OGC declined to pursue.

Tarun then discussed upcoming Council Nominations as there are seats whose term expires December 31, 2015. Terms of office are staggered such that nominations and appointments will only occur two out of every three years. The process to identify candidates will begin in about one month with an outreach effort aimed at producers and state raspberry organizations. He will work with Tom K on this activity, and suggested Tom include a brief report during any upcoming grower meetings.

F. Other Business

Tom then presented two potential budget amendments for the Committee's consideration. The first, in the amount of \$14,278, would reconcile an inconsistency between the budget and Dr. Noratto's research contract. The budget inadvertently included matching funds for FY 2015 rather than the amount requested from the Council. On a motion by Brad and seconded by Rob, it was unanimously approved to recommend to the Council a budget amendment in the amount of \$14,278 to correct the inconsistency.

The second request for \$5,000 would allow Dr. Burton-Freeman to write a manuscript on the Council's research database for publication in scientific journals. Discussion also included a request to approve the contract with Dr. Burton-Freeman. On a motion by Rob and seconded by Brad, the contract with Dr. Burton-Freeman to prepare a manuscript for publication, and to recommend to the Council a budget amendment in the amount of \$5,000 were unanimously approved. Further discussion regarding Dr. Burton-Freeman's future role with the Council included a request to Tom to talk with her regarding her interest in contracting to serve as the Council's Science Advisor.

G. Adjourn

There then being no further Committee business, on a motion by Rob, seconded by Brad and unanimously approved, the meeting adjourned at 4:52 p.m.