

NATIONAL PROCESSED RASPBERRY COUNCIL

Jansen Art Center, Lynden, WA

November 30, 2016 9:00 a.m.

Board Attending:

<input checked="" type="checkbox"/> Jennifer Ryan	<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 type="checkbox"/> Paul Sidhu	<input type="checkbox"/> Jerry Stratton
<input type="checkbox"/> Karen Holzberg	<input checked="" type="checkbox"/> Eric Larson	<input checked="" type="checkbox"/> Nicki Briggs

Alternates Attending:

<input type="checkbox"/> Gonzalo Bachelet	<input checked="" type="checkbox"/> Jon Maberry	<input type="checkbox"/> Mark Van Klei
<input type="checkbox"/> Frank De Vries	<input checked="" type="checkbox"/> Mark Van Mersbergen	<input type="checkbox"/> Don Sturm
<input type="checkbox"/> Erin Thoeny	<input type="checkbox"/> Jon Cotton	<input checked="" type="checkbox"/> Richard Rubin
<input checked="" type="checkbox"/> Loren Kimura	<input type="checkbox"/> Tyler Edwards	<input checked="" type="checkbox"/> Jonathan Paris

Others Attending:

<input checked="" type="checkbox"/> Tom Krugman	<input checked="" type="checkbox"/> Hakim Fobia	<input checked="" type="checkbox"/> Allison Beadle
<input checked="" type="checkbox"/> Brad Rader	<input checked="" type="checkbox"/> Janet Greenlee	<input checked="" type="checkbox"/> Calvin Bratt
<input checked="" type="checkbox"/> Lisa Craig		

x = attending o = absent

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

The meeting was called to Order by Tom Krugman at 9:20 a.m. Roll call disclosed a quorum to be present. Tom asked if there were any changes to be made to the Agenda as submitted.

Hearing none, he began by reviewing 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. The purpose of the Code of Ethics is to ensure that Council members do not use their position as a member of the Council to gain an unfair advantage or seek preferential treatment or to receive anything of value to influence their actions. He concluded by asking all members and alternate members to sign the certification and return it to Hakim.

As this meeting represents the first meeting of the new fiscal year, it is the organizational meeting where officers are elected and committees are appointed. On a motion by Jennifer and seconded by Antonio, it was unanimously approved to elect as officers John Clark, Rob Dhaliwal, and Mark Van Mersbergen, as Chair, Vice-chair, and Secretary/Treasurer, respectively.

Chair Remarks

As his first order of business, John noted current committee chair, and in the absence of dissent, re-appointed Antonio Dominguez, Adam Enfield, and Eric Larsen as chairs of the Marketing, Research, and Food Safety Committees, respectively.

John continued by noting his optimism for industry and the strides that have been taken by the Council over the last three years. He commented that the Strategic Planning Workshop was a positive experience and allowed Council and industry members to have a wide-ranging conversation on a number of subjects, had identified challenges, and began the process of maximizing the opportunities within those challenges. He did note that it is incumbent on current Board members to identify growers and importers willing to serve on the Council to keep new blood and new ideas flowing into meetings and discussion.

Approval of Minutes

On a motion by Adam and seconded by Nicki, the minutes of the May 25, 2016 meeting of the Council were unanimously approved.

USDA Report

Hakim reported on a new USDA rule that describe uniform procedures whereby the Secretary can remove Board members from an R&P program. The rule is designed to increase participation and improve accountability. He echoed Jon's comments about participation and increasing industry involvement at meetings, and noted it is the responsibility of members to cultivate replacements. He also repeated the need to have more nominees presented to the Secretary for Board positions in the future. For those seats expiring December 31, 2016, no appointments had been made yet. Current appointees can serve until their replacements are announced. He said that he had opened a dialogue with Tom K regarding how membership will be handled in two years when the first group of appointees hits their term limits.

Next discussed was the upcoming program effectiveness evaluation which should be accomplished in 2017. This review, completed once every three years, was designed to assess activities and be a planning tool for the industry. For the first valuation econometric would not be required. Instead, the evaluation will be more qualitative looking at market sectors and messages delivered. A measure of performance will be helpful in 2019 when the Council undergoes its first continuing referendum. Measures of performance will help importers and domestic grower make an informed decision about the Council's future.

Executive Director's Report

Tom K directed the Board to a handout that reconciled the allocation of Board seats to domestic growers, foreign producer, and importers as required by The Order and The Act.

On a three-year average, imports represent 43% of U.S. market volume with domestic production making up the remaining 57%. These numbers suggest that in the future, domestic product should have 7 seats on the Board with the remaining 5 allocated to foreign production, either importers or foreign producers. This is also the current allocation of seats.

An examination of current domestic production suggests that in the future, 5 of the 6 domestic producer seats allocated to states producing over 3 million pounds should be held by Washington growers and one by Oregon, with a California grower holding the set representing states producing less than 3 million pounds. Tom noted that if current trends continue, California will be a 3 million pound or more state in the near future.

This presentation led to a discussion on utilization of domestic product across market segments. It was suggested that Tom survey domestic processors as to the allocation of their sales by category: retail, foodservice, and food manufacturer. For imports, it can be assumed that concentrate, juice, and puree all go to foodservice or food manufactured items, with the distribution of IQF unknown, but also assumed to be largely a retail item.

Tom then presented the results of a USDA management performance review that had been completed this past summer. The purpose of the review is to test the Council's management structure by looking at adherence to policies and procedures and its by-laws. There were no findings, which would indicate serious problems requiring immediate corrective action. There were 6 recommendations aimed at improving current processes. All recommendations had been implemented following the review, with AMS indicating that the Council is being managed in an effective and efficient manner.

Finally, Tom directed the Council to a financial report which compared the approved FY 2016 budget to estimated expenditures, and the approved FY 2017 budget. The Audit, being prepared by Larson Gross, is underway and should be ready for presentation to the Executive Committee by the end of the calendar year. Unaudited year-end expenses tracked well to the budget, with expenditures coming in at about \$120,000 under budget. Income was above budget, due to an historic domestic crop and imports above estimate. In combination, these two events increased the year end reserve. Tom reminded the Council that investment spending for research and marketing for FY 2017 was slightly below FY 2016 level in order to balance expenditures with annual income and to provide for a 30% of the budget as a reserve. He concluded by noting that in both FY 2016 and 2017, marketing and research accounted for approximately 75% of the budget with the remainder for contracted services, administrative expenses, and USDA oversight fees.

B. Strategic Planning Workshop

A summary from the previous two-day's Strategic Planning Workshop was distributed to members. It reflected a refinement to the Council's Mission and Vision Statements, and developed Purpose and Values. As agreed at the Workshop, these were:

Mission: (The organization's core business)

- To build demand and secure the long-term viability of the industry.

Vision: (Destination we are working toward)

- Real Red Raspberries are the premium berry of choice.

Purpose: (End benefit to people or society)

- Sharing the Real Red Raspberry experience to nourish, inspire and delight.

Core Values: (Principles to drive decision making)

- Passion
- Honesty
- Collaboration
- Vision

It was agreed that the Workshop gave participants ample time to talk about issues impacting the future of the raspberry industry, but that at times it was difficult to follow the discussion as work progress was not physically displayed. There was also agreement that although the outcome was positive, the process could have been more dynamic.

There had been considerable discussion on the word “processed”, noting negative connotations that follow its use as part of the marketing vernacular. It was agreed that use of Real Red Raspberries should be substituted in marketing communications to drive the frozen message.

During the Workshop there had been lengthy discussion about the raspberry category in its entirety and the potential for the processed and fresh segments to work together more closely. Tom and Allison noted that Hector had facilitated a meeting between the Council and Driscolls raspberry category management team earlier in the year where subjects of mutual interest had been discussed, specifically nutrition research and health benefits. At that time, there was agreement to share information to build the category. During the Workshop, it was agreed that marketing efforts should be kept separate to maintain the Council’s frozen identity. Jonny clarified comments he had made on this issue, saying that Reiter Affiliated Companies, as a California producer of raspberries delivered for processing, supports the Council’s program to build the market for Real Red Raspberries. But it was his opinion that it was in the best interests of the Council to keep maintain a focus on frozen raspberries only, as the needs and interests of fresh market raspberries were different, and if there was an incorporation of fresh marketers into the Raspberry Council, the frozen message was at risk of being lost.

Structurally, it was suggested during the Workshop that the Council’s activities be broken down as “Building the Story” of Real Red Raspberries with an approximate allocation of 30% of resources, “Telling the Story” using 60% of resources, and demonstrating “Accountability for the Story” with the remaining 10% of resources. This direction will be adopted by staff and the committees as they begin working on the FY 2018 budget which will be presented in May.

C. Research Committee Report

Adam noted that the Committee had not met but that quarterly progress reports had been prepared and circulated, and all projects were on track. Next Spring, 5 raspberry funded projects will be presented at Experimental Biology. 5 other projects will be presented at the Berry Health Benefits Symposium in March. As part of the evolution of research, Adam reported that the next RFP will give priority to human and/or clinical proposals as there is sufficient cellular or animal data, and that USDA and the FDA will look to human studies to support health statements the Council may make in the future.

Tom K was asked to review a proposed research budget amendment concerning a project lead by Dr. Noratto. During FY 2016, Dr. Noratto had left Washington State University and taken an appointment at Texas A&M University where she continued working on the second year of her study. Because of

difficulties in agreeing on contractual language, no contract was in place for this work. Both Dr. Noratto and the University recognized it was at their risk. At the same time, WS had refunded to the Council an advance against expenses that might be incurred. With no invoices against that advance, the funds were returned to the Council.

The proposed budget amendment would be to amend Dr. Noratto's FY 2017 budget by the amount of the refund in recognition of her continued study. After discussion, on a motion by Adam, seconded by Rolf, it was unanimously approved to amend and increase the FY 2017 Research budget by \$10,482, and to add this amount to Dr. Noratto's contract.

D. Food Safety Committee Report

Eric directed Council members to creative briefs for Food Safety Brochures and Posters that would largely be directed towards foreign producers and farm workers but also available for use in the United States. These materials are intended to communicate basic elements of on farm practices that should be followed, and target worker hygiene and sanitation practices.

Antonio directed the Council to materials that had been developed by Chilealimentos for raspberry growers and farm workers. These were simple and easy to understand, using pictures and graphic wherever possible. The theme is "when you harvest, you put your fingerprint on the raspberry" as a way of driving home the message about sanitation and hygiene. He said it was part of a long-term project to change the culture of Chilean farmers and workers.

In discussing the Council's materials, question was raised as how best to distribute the collateral. It was agreed that it made no sense to print and ship, but instead to supply finished art ready for printing, and for Tom and Antonio to work within the IRO to gain distribution.

Discussion then turned to a potential validation study to look at processed in addition to chlorine dioxide that would mitigate microbial contamination. To be evaluated and validate were ozone and para-acetic acid (PAA). Eric directed Council members to a report prepared by the Council's Science Advisor that summarized current knowledge on these products. She had suggested if there was interest, she could facilitate a conversation to answer questions prior to developing a proposal from the Institute of Food Safety and Health.

After ensuing discussion on the need to keep moving forward on food safety as part of "building the story" about Real Red Raspberries, on a motion by Rolf and seconded by Rob, it was unanimously approved to add \$50,000 to the Food Safety budget to fund a potential study in pathogen mitigation, with the Food Safety Committee authorized to receive and evaluate a proposal to conduct the study, and if found appropriate, to approve issuance of a contract.

E. Marketing Committee Report

Antonio quickly reviewed the Marketing Committee's monthly call format where committee members receive updates of ongoing activity and are able to ask questions about future direction. He recognized

that as a result of the Strategic Planning Workshop, there would be a need to realign all committee's responsibilities and functions. He also suggested that the Executive Committee be used as a forum for committee chairs to discuss the integration of programs.

Allison provided a recap on 2016 marketing communication activity, noting benchmarks had been established to provide a measurement of program success. She described trade media relations, and specifically the Farm Tours each of the past two summers that have brought out writers, food manufacturers, and food service operators. Metrics provided for social media demonstrated the reach of the program, and consumer's interest in all things raspberry. Social media drives much of the conversation, and has increased web traffic as well. Two social media promotions that had occurred in 2016 were reviewed. In completing her 2016 report, she noted the soft launch of the Real Red Raspberry trademarking campaign, using the experience of a donut chain that used artificial colors and flavors as a case study of why our program can achieve success.

For 2017, she said the Council's program was entering a new phase where programs will be strengthened and relationships will be solidified. Razz Crush, launched on social media, was used as an example of how consumers are being encouraged to use IQF raspberries in different ways. The Council will continue to use FNCE and SCAN as primary vehicles to reach RD influencers and provide them with resources to tell the story. In addition, the Council will extend its trade show reach by attending 3 additional shows targeting food service decision makers, College and University food service, and research chefs. On the consumer side, the raspberry ambassador program will be emphasized leveraging new and existing relationships. Additional activities scheduled in 2017 include refreshing and updating parts of the website and industry outreach.

As part of marketing communications, and a key element of the Strategic Planning Workshop, Antonio discussed the Real Red Raspberry trademark. The Mark is currently registered in the United States and the committee had evaluated a proposal to register it in international markets where Real Red Raspberries are either grown or marketed to protect its use. Those markets include the EU, Australia, China, Japan, Mexico, Canada, and Chile. Registration would be for a period of 10 years. While not preventing improper use in those markets, registration would facilitate prosecution if necessary. Cameron LLP had prepared and presented a proposal to the committee calling for \$8,047 to register the Mark in the countries listed. Rolf said that the current industry user's agreement was overly long and complex, and suggested a simplified version for processors and importers. Loren responded that the agreement was necessary to protect the Council's asset and was not atypical of agreements he has seen in the past.

On a motion by Antonio and seconded by Rob, it was unanimously approved to amend the Legal Services budget and the Cameron LLP contract by the amount of \$8,047 to register the Real Red Raspberries Trademark in the EU, Australia, China, Mexico, Japan, Chile, and Canada.

Crisis Communications Refresher

Janet was then asked to present a review on the environment for crisis communications and to summarize key takeaways from the Council's plan. She began by noting that good issues management is a necessary part of an objective response and is done to pre-empt a crisis. She defined an issue as something people talk about, while a situation is something that requires attention due to its impact on an organization's business. From the Council's inventory of issues, message points had been delivered and approved by USDA prior to media training in May 2015. Council members were advised that they were the eyes and ears of the industry, and in the event they heard or saw something that might or might not be an issue, to let Tom K know immediately to ensure it was being tracked. She concluded by stating that one of the best ways to manage an issue is by building a community of loyal followers that can help spread the message on positive actions by an industry.

F. New Business; adjournment

All new business had been conducted during the previous committee reports. No additional new business or existing old business was presented for Council consideration.

Tom noted that USDA had requested that in setting future meeting dates, both Spring and Fall dates be determined so they could be added to the AMS calendar. The Council agreed on May 15-17, 2017 and November 28-29, 2017, as dates, with both meetings to be held in Lynden. The May meeting will include various committee meetings and a new member orientation session.

There being no further business to come before the Council, on a motion by Rob and seconded by Adam, the meeting was unanimously adjourned at 3:55 p.m.