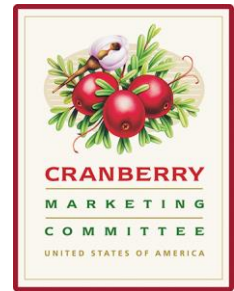


1
2 **2019 FEBRUARY ANNUAL MEETING MINUTES**
3 **RITZ-CARLTON, PENTAGON CITY, ARLINGTON, VA**
4 **FEBRUARY 12 & 13, 2019**
5
6



7 **TUESDAY, FEBRUARY 12, 2019**

8 The CMC 2019 Winter Meeting was called to order by Vice-Chairman Mauck on Tuesday, February 12,
9 2019 at 8:03 a.m. at the Ritz-Carlton Pentagon City Arlington, VA. Vice-Chairman Mauck requested the
10 CMC's Executive and Financial Assistant to call roll, and Ms Mears reported a quorum was present after
11 Vice Chair seated Ms Mollor for the District 1 Major Cooperative seat.
12

<u>Member</u>	<u>P/A</u>	<u>Member</u>	<u>P/A</u>	<u>Alternate</u>	<u>P/A</u>
Larry Harju	P	George Rogers	A	Adrienne Mollor	P
Jim Rezendes	P	Dawn Gates-Allen	P	Parker Mauck	P
Stephen Lee	P			Joe Darlington	P
William Poinsett	P			Tom Gerber	P
Vicki Nemitz	P	Wayne Gardner	P	Jim Van Wychen	P
Martin Potter	P	David Bartling	P	Jill Amundson	P
Kevin Hatton	P			Jack Stein	P
Doug Rifleman	P			Michael Viano	P
Ron Puhl	P			Nick Puhl	P
D. Steven White, Ph. D	P			Thomas O'Guinn, Ph. D	A

13
14 Vice Chairman Mauck introduced Jennie Varela; the CMC's new USDA Marketing Specialist and
15 requested she review the lobbying rules and anti-trust guidelines for the Committee members prior to the
16 beginning of the meeting. Also present were CMC Executive Director Michelle Hogan, and staff members
17 Karen Cahill, and Dotty Pipher.

18 The Vice-Chair began the meeting by reviewing the rules of order.
19

20 **APCQ UPDATE**

21 Jonathan Decubber, the APCQ's Board Treasurer presented an update on the Quebec cranberry
22 industry, items discussed included;
23

- 24 • Quebec's overall cranberry production for 2018 was 2.5 million bbls, an increase of 911,000
25 bbls over prior year figures, yielding an average of 250 bbls per acre.
- 26 • Conventional acreage showed a slight decrease, down 931 acres, while organic acreage had a
27 dramatic increase of 1,067 additional acres, mostly due to conventional acreage transitioning to
28 organic acreage.

- 29 • The APCQ continues to leverage social media to increase exposure of cranberries with continued
30 efforts such as online contests, and chef training.

31

32 Mr Decubber concluded his presentation and announced upcoming events that included the Quebec
33 Cranberry Convention on March 25th & 26th, 2019 at the Hotel Le Concorde, Quebec and the APCQ's
34 Summer Field Day to be held on August 8th, 2019 and stated all were welcomed to attend these two
35 events.

36

37 **MARKETING POLICY AND VOLUME REGULATION DISCUSSIONS**

38 Mr Mauck led the Committee review of the industry and the Q1 Position Summary Reports for CY'2018.
39 The Committee completed the marketing policy with a total US production estimate of 8.83 million barrels
40 and an estimated carry-over as of August 31, 2018 of 5.2 million barrels. Additional items of discussion
41 were as follows:

- 42 • 2018 Q1 beginning inventory had a dramatic reduction due in part to both a poor crop in 2017
43 CY and the handler withholding volume regulation.
- 44 • 2018 production in most regions were up slightly with the exception of WI.
- 45 • 2018 saw a reasonably large crop of 8.6 million barrels, an increase from the previous year.
- 46 • Q1 Domestic sales were flat; however foreign sales saw a significant jump of 280,000 barrels to
47 1.4 million barrels or a 24% increase.
- 48 • Q1 figures show 2.3 million less barrels in inventory, about a 15% decrease from a year ago.
- 49 • Non-US production numbers saw British Columbia with a record crop of 1.3 million barrels, 2.5
50 million barrels in Quebec, its 2nd largest in its history, while Atlantic Canada and Chile remained
51 stable.

52

53 Marc McFetridge, the CMC's AMS Economist reported that a change in USDA purchases has been
54 implemented and are now done through trade mitigation. It was decided that the boards/committees
55 cannot submit requests anymore as it was viewed as a form of lobbying. Going forward, an entity from
56 the industry needs to make a request for USDA purchases after which the Committee can provide
57 supporting information and documentation as needed. Requests can be emailed to Mr. McFetridge and
58 government purchases will be made following a review of the analysis of the data collected and the
59 need for additional cranberry products.

60

61 **Mr Rezendes made a motion to accept the marketing policy as developed. Seconded by, Ms Gates-**
62 **Allen. Motion carried unanimously.**

63 The following is the estimated US production and Marketing Policy as developed by the Committee.

64
65
66

2019 CROP YEAR MARKETING POLICY

Domestic Production (Averaged)	Committee Forecast February 2019
	<i>Bbls</i>
Massachusetts	2,034,000
New Jersey	503,000
Wisconsin	5,650,000
Oregon	490,000
Washington	158,000
TOTALS	8,834,000
	<i>Bbls</i>
Carry-In as of 9/1/2019	5,562,000
Production & Acquired	
Estimated Domestic Production	8,834,000
Estimated Foreign Acquisitions	1,765,000
Total Production & Acquisitions	10,600,000
Available Supply	16,162,000
Estimated Shrinkage	
2% of Carry-In	111,000
4% Est. of Production/Acquisitions	424,000
Shrinkage	535,000
Adjusted Supply	15,626,000
Utilization	
Fresh Fruit	340,000
Processing Fruit	10,000,000
Total Sales/Usage	10,340,000
Estimated Adjusted Carryover 08/31/20	5,286,000
Inventory as a % of sales	51%*

67
68
69

70 **TRADE POLICY ISSUES UPDATE**

71 Matt Lantz and Alinne Oliveira, from BCI provided an update on the current status of MRL issues facing
72 the industry and Adam Hollowell also from BCI provided the Committee with an update on the current
73 tariff issues.

74

75 **TRADE POLICY ISSUES**

76 • The EU has notified the World Trade Organization (WTO) of its intention to cancel approval of
77 chlorothalonil (Bravo) for usage within the EU. It is almost certain the EU will eliminate the MRL.
78 Alinne Oliveira stated the withdrawal timeline based on the EU's current rule criteria. Worst case
79 scenario for Bravo withdrawal is October 2020 however, depending on circumstances and
80 possible delays it could be extended up to March of 2021.

81 • Additional potential impacts of several other MRL's for compounds currently used by growers
82 were discussed and several concerns were raised on how these changes could impact the
83 cranberry industry. The MRL subcommittee will be meeting again over the next month to develop
84 our industry priorities for compounds that will pose a problem for the industry.

85 • After hearing in April of 2018 that the EU refused to adopt the cranberry quinclorac MRL from
86 Codex, a TASC grant application was submitted to conduct a new study. The application was
87 approved for \$60,000.00. The study will be completed during 2019; a data package will be
88 developed and submitted to the EU in 2020, with a decision expected in 2022/2023.

89 • On January 1, 2019 the new Korean MRL system was implemented. Currently there are 50
90 Korean cranberry MRL's established, 15 of which are permanent and 35 cranberry MRL's remain
91 temporary. Temporary MRL's are set to expire on December 31, 2021. The 35 temporary MRL's
92 can become permanent by obtaining and submitting data packages to the Korean government
93 within this 3 year timeframe. Additionally, any missing MRL's can also be submitted in the same
94 manner.

95

96 **TARIFF ISSUES**

97 Mr. Hollowell discussed several tariff issues BCI is currently monitoring closely that impact industry which
98 include:

99 • After the current administration imposed steel and aluminum tariffs on several foreign countries,
100 negotiations continue with the EU, UK, China, Japan, Mexico, and Canada to address retaliatory
101 tariffs that impact trade for the cranberry industry.

- 102 • Korea and the United states reached an agreement to address steel and aluminum tariff issues,
103 therefore no retaliation is expected.
- 104 • Turkey and India have not included cranberry products in their published retaliation lists, although
105 India unilaterally increased their cranberry concentrate tariff from 30% to 50% as part of their
106 annual budgeting process.

107

108 Mr Lantz concluded the Trade Policy presentation stating that he was recently informed that as part of
109 the tariff negotiations with China, the USDA is expected to add a tariff resolution for fresh fruit market
110 access. Negotiations are scheduled to begin the third week of February 2019 in Beijing, China. BCI will
111 monitor these negotiations closely.

112

113 **NEW/OLD BUSINESS**

114 **DATA COLLECTION REVIEW**

115 Steve Berlyn, the Chairman of the Data Collection Review Subcommittee, presented the recommendations
116 from the three meetings conducted since August 2018.

- 117 • Discussions included proposed changes to the data currently being collected by the CMC and to
118 develop reports with more detail by separating product forms by fresh, processed, and
119 concentrate.
- 120 • To simplify the definition of shrink for the handlers and industry, the subcommittee unanimously
121 agreed the definition for “shrink” to be ***“barrels of fruit reported as inventory but not sold and no
122 longer in inventory”***.
- 123 • We received word from our Marketing Field Office that OMB has approved the changes
124 recommended by the Committee at its August 2017 annual meeting modifying the sales portion
125 of our handler Inventory cycle reports (HIR).

126

127 **Mr Rezendes moved to accept the definition of shrink as: Barrels of fruit reported as beginning**
128 **inventory but not sold and no longer in inventory, and to approve inventory breakdown for new HIR**
129 **report and to go back to Sept 1, 2018 and have handlers modify the Q1 report to represent the new**
130 **format. Seconded by, Mr Harju. Motion carried unanimously.**

131

132 **CRANBERRY INSTITUTE UPDATE**

133 Terry Humfeld, the Cranberry Institute’s Executive Director, provided an update to the Committee on
134 topics including;

- 135 • **Health research:** Updates were provided on completed and ongoing health research projects
136 that the CMC has contributed to as an industry funding partner.
- 137 • Mr. Humfeld presented several published press releases showing that cranberries are found to
138 counteract damage from a low fiber, animal-based diet.
- 139 • **Pesticide & regulatory:** Due to the EU decision to cancel the MRL on chlorothalonil (Bravo) the CI
140 is working with plant pathologists on non-bravo options.
- 141 • The CI has been following the Cranberry Water Model the EPA uses for risk assessment on new
142 pesticide registrations which continues to be problem for the industry.
- 143 • **Crisis Management:** Lastly Mr Humfeld reported on the CI's response to 25 media articles
144 defending the industry that contained misinformation about cranberries, coordinated the
145 industry's response regarding tariffs and the numerous media requests for comment.
- 146

147 **HEALTH RESEARCH UPDATE**

148 Dr. Howell provided an update on the suppression of the *H.pylori* bacteria health research currently
149 being conducted in China. Dr. Howell reported that the study was completed in December and the initial
150 analysis was completed in January. The publication of results should be in the fall and communication
151 efforts should be coordinated with our international agencies using the same message to address media.

152

153 **CLINICAL SCIENCE ACTIVATION PROGRAM UPDATE**

154 Ms. Hogan, the CMC's Executive Director presented a plan proposed by Louise Pollock, President of
155 Pollock Communications. The proposed Scientific Activation Communications Plan includes targets,
156 objectives, strategies, tactics, and media outreach, as well as the proposed budget necessary for
157 preparation prior to the end of fiscal year 2018/2019, and a proposed budget for next fiscal year
158 2019/2020.¹

159

160 The Committee agreed a subcommittee be formed to develop the timeline to implement the
161 communication plan following publication of the results of the study. Promotional activities would be
162 coordinated with Pollock Communications, Bryant Christie, CMC's in-country representatives, Dr. Howell
163 and CMC staff. Members of this subcommittee will include Ms. Hogan, Dr. Howell, Mr. Humfeld, a
164 member representing the major-cooperative, and independent representative and Chairman Rogers.
165 Additional non-voting members will include a representative from Pollock Communications and Bryant
166 Christie, Inc.

167

168

169 **GROWER ASSOCIATIONS UPDATE**

170 Representatives from each of the growing regions presented several issues and activities facing their
171 respective regions and included;

- 172 • Mr Lochner, Executive Director at the WSCGA reported that the WSCGA, Cape Cod Cranberry
173 Growers Association (CCCGA), and the American Cranberry Growers Association (ACGA) worked
174 on a collaborative effort and received \$2 million in funding for USDA ARS cranberry research
175 program. These funds will be split up evenly among the regions mentioned.
- 176 • Mr Wick, Executive Director at the CCCGA reported that they are an official partner for the
177 Plymouth Massachusetts 400th anniversary in 2020. Activities would include an opening
178 ceremony, a state capital visit, food festival, as well as a nationally televised Thanksgiving Day
179 parade. Potential plans include a traveling bog, a pop up museum, and a parade float. Mr
180 Wick will report back at the August 2019 meeting with further details.
- 181 • As the NJACGA representative, Mr Lee gave an update on activities affecting NJ growers. Mr
182 Lee recognized the collaborative efforts and partnership of the WSCGA and CCCGA along with
183 the ACGA in obtaining the ARS funding. The ACGA is in the process of a 2nd edition of NJ
184 Cranberry family's heritage recipe book and stated all four NJ board members are part of New
185 Jersey's history of family cranberry farms.
- 186 • As the newly appointed representative for the Oregon Cranberry Growers Association (OCGA),
187 Mr. Nick Puhl reported on activities the OCGA is currently working on including their annual
188 cranberry school for growers and their annual field day which includes researchers in
189 attendance to address cultivation issues impacting growers. Mr. Puhl also noted that Dr. Kim
190 Patton, their long-time Washington State University lead science researcher at the Pacific Coast
191 Research Center in Long Beach, WA has resigned from the center. A replacement for Dr. Patten
192 is currently underway.

193
194 **DOMESTIC PROMOTION PROGRAM AND MARKETING UPDATE**

195 Karen Cahill, CMC's Communications and Marketing Specialist reported the communications and domestic
196 marketing activities she's participated in since the August 2018 meeting that included:

- 197 • Impact report completed, reporting of all CMC activities over previous five years
- 198 • Participated in the Agricultural Promotion Groups Educational Showcase hosted by the USDA &
199 Commodity Roundtable

- 200 • Attended the AMS oversight and information session in D.C. that focused on educating the staff on
201 upcoming guidelines.

202

203 A Domestic Marketing Subcommittee (DMS) was re-formed at the August 2018 CMC meeting. Members
204 include: Steve White (Chair), Bob Hyland, Brendan Moquin, Cindy Rhodes, Emily Brutti, Mike McManama,
205 Mike Viano, Steve Berlyn, Thomas O’Guinn, Vicki Nemitz, George Rogers, Michelle Hogan, and Karen
206 Cahill. The subcommittee was tasked with evaluating the validity of the August approved \$214k
207 domestic program budget. During the three conference calls that were held since August, the
208 subcommittee’s recommendations were to:

- 209 • Discontinue the formal domestic program as of 8/31/19.
210 • Begin an in-house domestic promotion maintenance program beginning 9/1/2019.
211 • Scale back on the 2018-2019 program currently in progress but because a majority of work had
212 already been done, complete activities for the #All AmeriCRAN BBQ promotion activity
213 scheduled for the summer of 2019.

214

215 Ms Cahill concluded her presentation with her 2019/2020 Domestic Marketing Program options,
216 including cost, goals and benefits for each activity that have been approved and recommended by the
217 DMS.²

218

219 **INTERNATIONAL PROMOTION PROGRAM UPDATE**

220 Updates and recommendations for the International Promotion Program were given by Sarah Gelpi-
221 Hooker, Morgan Aguirre, and David McCaleb, of Bryant Christie, Inc. Included in the presentation were
222 highlights and activities for each of the target markets, results of the individual programs, key initiatives,
223 results of handler interviews and the proposed budgets for CY2019. Program reviews and challenges
224 were presented by Morgan Aguirre that included;

225 **India:**

- 226 • 2018 was the first full program year that saw a 220% increase in exports over 2016/2017.
227 • Health and technical seminars to increase awareness of cranberries health benefits and
228 technical applications were conducted across the nation.
229 • Restaurant and mixology promotions and competitions and social media campaigns conducted
230 in the culinary sector.
231 • Challenges in India include dealing with strict Indian government regulations and a
232 complicated market with minimal infrastructure.

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China:

- Since 2013 China has seen export growth of 213% in 2017/2018. The CMC has maintained broad consumer and trade reach by continuing to attend trade shows and events, and sponsoring the Chinese Nutrition Week.
- Challenges remain with increasing scrutiny with marketing cranberry health claims
- The CMC continues to work to become compliant with China's Foreign Non-Governmental Organization (FNGO) registration. The process has proved to be extremely cumbersome but with the completion of all documents and requirements needed to complete this process this month, it is expected that business and promotional activities can resume in China by late spring/early summer.

Korea, Mexico, and Europe:

- Per the CMC board decision in August, efforts in these markets are winding down; however positive impacts were seen otherwise.

Other:

- Extensive market research has been conducted in United Arab Emirates (UAE), Columbia, and Peru.
- Lastly, the proposal submitted for the Agricultural Trade Promotion Program (ATP) funding was approved for \$1.1 million for priority markets China and India.

Special guest speaker, Mabel Zhuang, the CMC's in-country China representative presented to the Committee the opportunities, strategies, and challenges she sees facing the cranberry industry in China. She stated that there is significant opportunity to expand cranberry awareness to lower tier cities, given that the largest cities have seen markedly improved awareness. In the past six years, awareness nationwide has risen from 3.8% to 55% in the major cities CMC has targeted including Beijing, Shanghai and Guangzhou. As with awareness, exports have also seen a sizeable increase over that same period, up 213%. Ms Zhuang will prioritize the juice and concentrate sector going forward, shifting more toward consumer public relations and targeting the elder generation, children and females. Focus will continue to be on food service, baking chain promotions and health benefits promotion in all tier cities.

Ms Zhuang reviewed the procedure and timeline for registration for Foreign Non-Government Organizations (FNGO or NGO) in China that has been in effect since January 1, 2017. At this time the CMC has completed the third phase of registration and the submission for all documents are in Shanghai for formal review and approval. Upon approval, the CMC must open a bank account, apply for tax

268 exemption and obtain a license and upon completion of these items, full scale promotional activities can
269 resume in China. Until then, smaller low profile promotions are permitted as we are in process of
270 registration.

271
272 Ms Zhuang concluded her presentation with current Trade climate challenges, health claim procedures
273 that must be followed, and China's emerging cranberry production.

274
275 Being a major concern for the US cranberry industry, several members of the Committee strongly
276 recommended Ms. Zhuang to continue to gather additional information so that we remain informed of the
277 impact it could have on world supply.

278
279 David McCaleb, Director of International Marketing Accounts presented detailed invoicing procedures for
280 the international marketing program.

281
282 Ms Gelpi-Hooker presented the International Marketing Program's 2019 Initiatives and reviewed the
283 proposed International Program budget that included:

- 284 • Subsequent to a successful NGO registration, large-scale activities in China will resume.
- 285 • Expand the promotional program in China & India through new ATP funding that will focus on the
286 health benefits for cranberries, to include technical trade seminars in China and India
- 287 • A China NGO contingency plan, should approval not be granted, that includes fully funding a
288 marketing program in the UAE, supplementing India's 2019 program activities, and another
289 alternative plan as well.

290
291 **Mr Rezendes motioned to adjourn for the day. Seconded by, Mr Lee. Motion carried unanimously.**

292
293 Mr. Mauck extended an invitation to all meeting attendees that they are welcome to attend the Audit
294 Subcommittee meeting immediately following a 10 minute break.

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302 **WEDNESDAY, FEBRUARY 13, 2019**

303 Vice-Chairman Mauck called the meeting to order at 8:38 a.m. and requested Ms. Mears call the roll.
304 The Vice-Chair seated Mr Darlington for the District 1 Major Cooperative seat replacing Ms. Mollor and
305 seated Ms. Amundson for the District 3 Major Cooperative seat replacing Mr. Potter. Ms. Mears reported
306 a quorum was present. The Vice-Chair invited Ms. Varela the CMC's USDA Marketing Specialist to again
307 read the Anti-trust guidelines prior to beginning.

308

<u>Member</u>	<u>P/A</u>	<u>Member</u>	<u>P/A</u>	<u>Alternate</u>	<u>P/A</u>
Larry Harju	P	George Rogers	A	Adrienne Mollor	A
Jim Rezendes	P	Dawn Gates-Allen	P	Parker Mauck	P
Stephen Lee	P			Joe Darlington	P
William Poinsett	P			Tom Gerber	P
Vicki Nemitz	P	Wayne Gardner	P	Jim Van Wychen	P
Martin Potter	A	David Bartling	P	Jill Amundson	P
Kevin Hatton	P			Jack Stein	P
Doug Rifleman	P			Michael Viano	P
Ron Puhl	P			Nick Puhl	P
D. Steven White, Ph. D	P			Thomas O'Guinn, Ph. D	A

309

310 Vice-Chairman Mauck began by introducing and welcoming USDA members, Marc McFetridge, CMC's
311 AMS Economist and Patty Bennett, Director of the Marketing Order and Agreement Division (MOAD) to
312 today's meeting.

313

314 **MARKETING POLICY AND VOLUME REGULATION DISCUSSIONS – CON'T**

315 Vice-Chairman Mauck began the discussion on whether a volume regulation for 2019 is necessary to
316 continue the momentum of the past two years to maintain the balance of supply and demand. Several
317 members of the Committee and audience agreed that the 2017/2018 regulations moved the industry in
318 the right direction however, concentrate inventories will continue to be a problem for the industry and a
319 plan is needed to address the issue. Hearing no support for the original suggestion of a producer
320 allotment at 20%, the motion was amended to a modified version as follows:

321

322 **Mr Gardner moved to implement a 20% handler withhold and disposals can be up to 100% of any**
323 **form for CY'2019. Seconded by, Ms Nemitz.** The vote was 2 for, 11 against, 1 abstain. Motion failed.

324

Voting Member	For	Against	Abstain
Mr. Bartling		X	
Mr. Gardner	X		
Ms. Gates-Allen		X	
Mr. Harju		X	
Mr. Hatton		X	
Mr. Lee		X	
Ms. Nemitz	X		
Mr. Poinsett		X	
Ms. Amundson		X	
Mr. Puhl		X	
Ms. Rezendes		X	
Mr. Rifleman		X	
Mr. Darlington		X	
Mr. White			X
14	2	11	1

325

326

327 **MINUTES**

328 Executive Director Hogan reviewed the meeting minutes from August 14th and 15th, 2018, October 10,
 329 2018 Conference Call and November 26, 2018 Conference Call. The Vice-Chair asked if there were
 330 any comments and hearing none would welcome a motion to accept all three sets of minutes as presented
 331 in the meeting materials. Ms Amundson requested a correction in the August 2018 minutes, section 6,
 332 page 11, line 315.

333

334 **Mr Rezendes motioned to accept all 3 sets of Minutes with the one change in section 6, page 11, line**
 335 **315 of the August 2018 minutes. Seconded by, Ms Amundson. Motion carried unanimously.**

336

337 **STAFF REPORT**

338 Michelle Hogan, the CMC's Executive Director began her report by thanking Doris Jamieson for her work
 339 over the last six years as the CMC's USDA Marketing Specialist and welcomed Jennie Varela as the

340 CMC's current USDA Marketing Specialist and that she looked forward to working with her today and in
341 the future. Additional items reviewed were as follows:

342

- 343 • Handler audits will begin in March/April of this year and continue through August.
344 Approximately 15 audits will be conducted, covering the 2017 and 2018 crop years. The CMC is
345 required to audit 20% to 25% of all registered handlers annually.
- 346 • A review of the third year of the 2017-2021 long range strategic plan was reviewed and as
347 outlined significant amount of CMC work includes working with industry representatives and
348 subcommittees to achieve common goals for the industry. This objective continues to be met.
- 349 • A review of the several conference calls and meetings attended since the August meeting.
- 350 • Our "Formal through Informal" rulemaking request to add the authority to accept voluntary financial
351 contributions to the marketing order passed referendum and we were notified on January 22, 2019.
352 Upon publication in the Federal Register, this rulemaking process will be finalized.
- 353 • A presentation was giving on the Continuance Referendum that is scheduled to be conducted during May
354 2019. In preparation, the CMC will be mailing out a copy of the newly developed Impact Report outlining
355 activities that the CMC has been involved in over the past 5 years.

356

357 **FINANCIALS**

358 Ms Hogan reviewed the financials from September 1, 2018 through December 31, 2018. Additionally it
359 was noted that carryover funds as reported in the audit from the 2017/2018 crop year is \$59,108.00

360

361 **Mr Rezendes motioned to accept the financial statements as presented. Seconded by, Ms. Nemitz.**
362 **Motion carried unanimously.**

363

364 Mr Rezendes, Chairman of the Audit Subcommittee reported the results of the A-133 Audit have
365 established there were no findings.

366

367 **BUDGET**

368 Vice-Chairman Mauck reported prior to the overall budget approval the Committee needs a motion for
369 the Domestic Program budget and International Marketing Program budgets separately. After a lengthy
370 discussion;

371 **Mr Rezendes motioned to accept 2019 domestic proposal for \$77k to be reviewed and approved by**
 372 **the subcommittee and submitted to USDA for approval. Seconded by, Ms Nemitz. Motion carried**
 373 **unanimously.**

374 **Mr Hatton motioned to put \$98k scientific activation plan into the 2019/2020 budget. Seconded by,**
 375 **Ms Amundson. Motion failed; with a vote of 8 for, 5 against, 1 absent during vote.**
 376

Voting Member	For	Against	Abstain
Mr. Bartling	X		
Mr. Gardner		X	
Ms. Gates-Allen	X		
Mr. Harju	X		
Mr. Hatton	X		
Mr. Lee	X		
Ms. Nemitz		X	
Mr. Poinsett		X	
Ms. Amundson	X		
Mr. Puhl		X	
Ms. Rezendes		X	
Mr. Rifleman			ABSENT DURING VOTE
Mr. Darlington	X		
Mr. White	X		
14	8	5	1 ABSENT

377

378 **Mr Rezendes motioned to have \$34k authorized in the 18/19 budget and \$64k authorized in the**
 379 **19/20 budget for the scientific activation plan and form a subcommittee that will approve all**
 380 **spending. Seconded by, Mr Gardner. Motion carried with a vote of 12 for, 2 against.**

Voting Member	For	Against	Abstain
Mr. Bartling		X	
Mr. Gardner	X		
Ms. Gates-Allen	X		
Mr. Harju	X		
Mr. Hatton	X		
Mr. Lee		X	
Ms. Nemitz	X		
Mr. Poinsett	X		
Ms. Amundson	X		
Mr. Puhl	X		
Ms. Rezendes	X		
Mr. Rifleman	X		
Mr. Darlington	X		
Mr. White	X		
14	12	2	0

381

382 **Ms. Amundson motioned to approve both the 2018/2019 and the 2019/2020 budgets as amended.**

383 **Seconded by, Mr. White. Motion was carried unanimously.**

384 The consensus of the committee was the budget approval presumes no change to the assessment rate; to
 385 remain \$0.28 per barrel for the 2019/2020 crop year.

386

387 The approved FY'18/19 Adjusted Budget is as follows:

<i>Items</i>	<i>FY18/19 Amended Feb 2019 Budget</i>
<i>INCOME</i>	
Assessments	\$ 2,140,000
Interest Income	\$ 2,500
MAP Funding - Generic	\$ 1,398,288
MAP Funding - Branded	\$ 400,000
FMD Funding	\$ 154,107
TASC Funding	\$ 110,000
QSP Funding	\$ 39,600
EMP Funding	\$ 233,500
GBI Funding	\$ 130,000
<i>INCOME</i>	\$ 4,607,995
<u>OPERATING EXPENSES-ADMINISTRATIVE</u>	
Salaries	

Total Salaries	\$ 343,384
Benefits & Payroll Taxes	
Employee Benefits	\$ 70,000
Payroll Taxes-FICA	\$ 20,250
Payroll Taxes-Medicare	\$ 4,700
Pension Plan	\$ 25,481
TOTAL BENEFITS & TAXES EXPENSES	\$ 120,431
Meeting & Travel Expenses	
Staff Expenses	\$ 20,000
Committee & Meeting Expenses	\$ 150,000
Subcommittee Expense	\$ 5,000
Field Staff Expenses	\$ 5,000
TOTAL MEETING & TRAVEL EXPENSES	\$ 180,000
Facility Rent	\$ 22,500
Office Expenses (General)	\$ 47,500
Insurance (D&O/GL)	\$ 27,000
Professional Services	\$ 22,000
Owned Equipment	\$ 5,000
Leased Equipment Expense	\$ 12,000
Maintenance/Repair Expense	\$ 5,000
Subscriptions & Dues	\$ 2,500
Compensation Adjustment	\$
Payroll Services	\$ 4,500
Admin Contractual/Compliance/Other	\$ 36,500
TOTAL ADMINISTRATIVE EXPENSES	\$ 184,500
TOTAL OPERATING EXPENSES	\$ 828,315
PROGRAMS	
INTERNATIONAL PROMOTION PROGRAM	
CMC Assessments Appropriation	\$ 550,000
CMC Staff/Consultant Travel	\$ 20,000
MAP Generic	\$ 1,398,288
FMD	\$ 154,107
EMP	\$ 233,500
GBI	\$ 130,000
QSP	\$ 39,600
ATP	\$ 1,139,450
TASC	\$ 110,000
Sub-Total	\$ 2,635,495
Branded Program	\$ 400,000
Sub-Total	\$ 3,035,495
CONTRACTOR	
BCI Retainer Fee (G, F & EU Region)	\$ 140,000
BCI Add'l (New Grants, Financial, Launches)	\$ 55,500
BCI: Misc. Expenses (Travel & Comm)	\$ 30,000
Sub-Total	\$ 225,500
TRADE POLICY PROGRAM	

BCI Trade Policy Retainer Fee	\$ 152,000
Travel & Communications	\$ 30,000
Data Packaging	\$ 50,000
Contractual Services	\$ 52,000
Sub-Total	\$ 284,000
Total International Program	\$ 3,544,995
DOMESTIC PROMOTION PROGRAM	
Domestic Promotion/Partnerships	\$ 85,000
Website Maintenance	\$ 15,000
Collateral Material	\$ 10,000
Total Domestic Promotion	\$ 110,000
TOTAL PROMOTION & TRADE PROGRAMS	\$ 3,654,995
PROJECTS	
Scientific Advisory Board (SAB)	\$ 12,000
Special Projects (SAP)	\$ 34,000
Grower Database Program (Website)	\$ 10,000
TOTAL PROJECTS	\$ 56,000
TOTAL PROGRAMS & PROJECTS	\$ 3,710,995
TOTAL OPERATING/PROGRAMS/PROJECTS	\$ 4,539,310
Deficit/Surplus	\$ 68,685

388

389 The approved FY'2019 Budget is as follows:

<i>Items</i>	<i>FY19/20 Approved Budget</i>
INCOME	
Assessments	\$ 2,470,440
Interest Income	\$ 1,000
MAP Funding - Generic	\$ 1,398,288
MAP Funding - Branded	\$ 400,000
FMD Funding	\$ 154,207
TASC Funding	\$ 110,000
QSP Funding	\$ 39,600
EMP Funding	\$ 230,000
GBI Funding	\$ 130,000
ATP Funding	\$ 1,139,450
TASC Funding	\$ 110,000
INCOME	\$ 6,072,985
<u>OPERATING EXPENSES-ADMINISTRATIVE</u>	
Salaries	
Total Salaries	\$ 343,384
Benefits & Payroll Taxes	
Employee Benefits	\$ 70,000
Payroll Taxes-FICA	\$ 21,300

Payroll Taxes-Medicare	\$	5,000
Pension Plan	\$	27,000
TOTAL BENEFITS & TAXES EXPENSES	\$	123,300

Meeting & Travel Expenses

Staff Expenses	\$	20,000
Committee & Meeting Expenses	\$	150,000
Subcommittee Expense	\$	5,000
Field Staff Expenses	\$	5,000
TOTAL MEETING & TRAVEL EXPENSES	\$	180,000

Facility Rent	\$	24,140
Office Expenses (General)	\$	47,500
Insurance (D&O/GL)	\$	27,000
Professional Services	\$	22,000
Owned Equipment	\$	5,000
Leased Equipment Expense	\$	15,000
Maintenance/Repair Expense	\$	5,000
Subscriptions & Dues	\$	4,000
Compensation Adjustment	\$	10,000
Payroll Services	\$	4,500
Admin Contractual/Compliance/Other	\$	36,500
TOTAL ADMINISTRATIVE EXPENSES	\$	200,640
TOTAL OPERATING EXPENSES	\$	847,324

PROGRAMS

INTERNATIONAL PROMOTION PROGRAM

CMC Assessments Appropriation	\$	550,000
CMC Assessment ATP Appropriation	\$	16,000
CMC Staff/Consultant Travel	\$	20,000

MAP Generic	\$	1,398,288
FMD	\$	154,207
EMP	\$	230,000
GBI	\$	130,000
QSP	\$	39,600
ATP	\$	1,139,450
TASC	\$	110,000
Sub-Total	\$	3,787,545
Branded Program	\$	400,000
Sub-Total	\$	4,187,545

CONTRACTOR

BCI Retainer Fee (G, F & EU Region)	\$	140,000
BCI Add'l (New Grants, Financial, Launches)	\$	55,500
BCI: Misc. Expenses (Travel & Comm)	\$	30,000
Sub-Total	\$	225,500

TRADE POLICY PROGRAM

BCI Trade Policy Retainer Fee	\$	162,000
Travel & Communications	\$	30,000
Data Packaging	\$	50,000
Contractual Services	\$	52,000

Sub-Total	\$ 294,000
Total International Program	\$ 4,707,045
DOMESTIC PROMOTION PROGRAM	
Domestic Promotion/Partnerships	\$ 47,000
Website Maintenance	\$ 5,000
Collateral Material	\$ 5,000
Samples	\$ 10,000
Social Media	\$ 10,000
Total Domestic Promotion	\$ 77,000
TOTAL PROMOTION & TRADE PROGRAMS	\$ 4,784,045
PROJECTS	
Scientific Advisory Board (SAB)	\$ 17,000
Special Projects (SAP)	\$ 64,000
Grower Database Program (Website)	\$ 15,000
TOTAL PROJECTS	\$ 96,000
TOTAL PROGRAMS & PROJECTS	\$ 4,880,045
TOTAL OPERATING/PROGRAMS/PROJECTS	\$ 5,727,369
Deficit/Surplus	\$ 345,616

390

391

392 **OTHER BUSINESS**

393 The CMC 2019 summer meeting will be held on August 19th & 20th, 2019 at the Hotel 1620 Plymouth
394 Harbor, Plymouth MA 02360.

395

396 The CMC 2020 winter meeting will be held in Orlando, Fl dates and location TBD.

397

398 Mr Ron Puhl requested for the Committee to review during our August 2019 meeting the presentation
399 from August 2017 that was developed by the Almond Board of California for the CMC on the potential
400 temporary assessment increase that helped their industry. A consensus was reached to invite a member
401 of the Almond board to speak at the CMC August 2019 meeting. Mr Souza of Mariani Packing Co
402 offered to help in coordinating a speaker.

403

404 Hearing no additional business to come before the Committee, **Mr Gardner motioned to adjourn the**
405 **meeting. Seconded by, Mr White. Motion was carried unanimously.**

406

407 *Meeting adjourned at 1:28 p.m.*

408

409 Respectfully submitted,

410 Judy Mears

411 Recording Secretary

412

TO: Michelle Hogan, Cranberry Marketing Committee (CMC)
FROM: Pollock Communications, Inc. (PCI)
DATE: Friday, February 8, 2019
RE: CMC Clinical Science Activation Program for Phase 2

As Phase 2 of the Cranberry Marketing Committee's China Clinical concludes, it is essential to develop a communications program in the event of a positive clinical. In the face of a growing concern for gut health and antibiotic resistance, in addition to the worldwide prevalence of stomach cancer, there is an untapped opportunity to investigate and communicate cranberry as a nutritional approach for H. pylori suppression and maintenance of gut health. Due to the evidence that consuming cranberry products may be a valuable nutritional approach to help prevent the adhesion of H. pylori to stomach cells and suppress the infection, the CMC has funded a clinical trial to investigate the effects of cranberry ingestion on the suppression of H. pylori. Positive results in this clinical trial would help generate a new and sustained demand for cranberry consumption worldwide.

The following recommendation outlines U.S. communications activities and publicity program management of the international agencies. Due to past work in preparation for this publicity, there are some efficiencies in the program for work already started, such as contract development and media planning.

United States Science Activation Program & International Agency Oversight

Targets

- Consumer health, nutrition, food and science media and trade media in the U.S.
- Scientific community and healthcare professional organizations (such as gastroenterologists), and their members
- Cranberry industry

Objectives

- Create widespread, international awareness of the study results/positive benefits of cranberry PACs on H. pylori
- Drive support for cranberry benefits among key health influencers
- Enable industry stakeholders to promote and leverage the study results

Strategies

- Generate media coverage of the study results highlighting the benefits of cranberry PACs
- Package results with key messages for use by expert key opinion formers, cranberry industry members and international agencies in China, India, EU, South Korea and Mexico

Tactics

Agency Oversight

To execute the communications program about the China Clinical, Pollock Communication will lead all communications activities and direct the CMC's international agencies in China, India, EU, South Korea and Mexico to provide program recommendations and oversee their successful execution.

- Work with CMC's agencies in China, India, EU, South Korea and Mexico to secure their public relations program recommendations and submit the plan to the Executive Committee for approval
- Coordinate special project contracts with international agencies

- Provide agencies with updates on research timing and communications program execution
- Provide the EU with final press release for distribution over international press release service
- Provide invoicing review and approval; invoicing to be coordinated directly the BCI
- Coordinate all progress and results reporting
- **Timing:** oversight activities will begin upon program approval (estimated February 2019). PCI will work with agencies to provide direction and request program recommendations to be received by April 30, 2019 (actual date depends on research timeline). All program recommendations will be provided to the Executive Committee for approval before finalized

Media Outreach

- Develop a press release for international distribution about cranberries' role in gut health highlighting newly published research and incorporating previous H. pylori research and quotes from U.S. and Chinese authorities on gastrointestinal health
- Develop key messages and FAQs to leverage with the media and in international key markets
- Increase awareness of cranberries' gut health benefits through targeted media outreach and pitching
- Package results with key messages for use by cranberry industry members and international markets
- **Timing:** activities would begin when initial results are available from research team. Content would be developed simultaneously to the drafting of the research paper

Expert Key Opinion Former (EKOF) Mapping and Outreach

- Update existing cranberry EKOF database and conduct mapping of EKOFs in the areas of gastroenterology and H. pylori research
- Identify EKOFs that may be called upon by the media for interviews and provide them with key messages and research

United States Key Performance Indicators (KPIs) & Budget (FY 2018-2019)				
Tactic	KPIs	Fee	OOP	Total Budget
Agency Oversight	<ul style="list-style-type: none"> Communications programs for China, India, EU, South Korea and Mexico 	\$10,000	\$0	\$10,000
Media Outreach: FAQs, press release development (up to 8 rounds of edits and USDA review)	<ul style="list-style-type: none"> Initiate promotional content development 	\$18,000	\$0	\$18,000
Key Opinion Former Mapping and Outreach	<ul style="list-style-type: none"> Updated EKOF list with at least 90 contacts 	\$6,000	\$0	\$6,000
Total for FY 2018-2019:		\$34,000	\$0	\$34,000

United States Key Performance Indicators (KPIs) & Budget (FY 2019-2020)				
Tactic	KPIs	Fee	OOP	Total Budget
Agency Oversight	<ul style="list-style-type: none"> KPIs to be provided by international agencies 	\$24,000	\$0	\$24,000
Media Outreach: Send press release over the wires; pitching media, monitoring & reporting	<ul style="list-style-type: none"> 150-200MM impressions 150-200 outlets 	\$17,000	\$17,000	\$34,000
Key Opinion Former Mapping and Outreach	<ul style="list-style-type: none"> Outreach to more than 90 expert key opinion formers 	\$6,000	\$0	\$6,000
Total for FY 2019-2020:		\$47,000	\$17,000	\$64,000

Opportunistic Contingency Budget			
Tactic	Fee	OOP	Total Budget
Opportunistic contingency budget to support additional activities, as needed	\$8,000	\$0	\$8,000
Contingency Total:	\$8,000	\$0	\$8,000

ADDENDUM

Crisis Response Plan

Criticism of industry-funded research is not new, but has come under great scrutiny over the last few years, especially since the publication of an article by Candace Choi, an Associated Press editor, on June 2, 2016. For this reason, it is essential to have a crisis response plan in place when communicating new research. As part of the International Science Activation Program, we recommend including the following strategies in order to counter negative issues related specifically to the China clinical or cranberries and H. pylori.

Determine Response Criteria

- Develop potential crises scenarios and media response criteria to gauge when a response is warranted
- Provide industry with crisis response guidelines, including directing all media inquiries to Pollock Communications, or appropriate international agency

Prepare Response Statement and Internal and External Q&A

- Develop a comprehensive internal and external Q&A document and response statements to respond to potential negative coverage

Independent Third-Party Statements

- Work with the researchers to refute and counter negative and inaccurate points discussed
- Provide background to authors and spokespeople and conduct message training

Enlist Support from Peer-Reviewed Journal

- Work with the publication journal to enlist their support in speaking to the quality of research and standards required by the peer-reviewed journal

Timing: PCI recommends having these funds available at the time of initial research promotion or publication based on the projected timelines provided by the research team.

Proposed Budget* for CMC Clinical Study Crisis Response Plan (FY 2019-2020)			
Tactic	Fee	OOP	Total
Crisis Response Plan Fee: \$20,000 <ul style="list-style-type: none"> ▪ Monitoring research media coverage; draft response criteria; develop response statements and Q&As based on potential issues; coordinate client review and approval; liaise with researchers to coordinate responses, if warranted; conduct media training with researchers; liaise with peer-reviewed journal to enlist their support OOP: \$4,000 <ul style="list-style-type: none"> ▪ Monitoring, spokesperson honorarium 	\$20,000	\$4,000	\$24,000
Total:	\$20,000	\$4,000	\$24,000

*Budget depends on magnitude of the crisis

###

Domestic Promotion/Partnerships	\$ 47,000	← variable amount based on which partnerships listed below, if any, are pursued
Website Maintenance	\$ 5,000	
Collateral Material	\$ 5,000	
Samples	\$ 10,000	
Social Media	\$ 10,000	
TOTAL	\$ 77,000	

PROMOTION/PARTNERSHIP	COST	DESCRIPTION	GOALS/BENEFITS
URI Cooking Contest	nominal	Recipe contest among 36 University of Rhode Island Department of Nutrition & Food Sciences students in March, extremely low cost, good PR, potential ongoing partnership	RD/ Health Professional Awareness, Recipe Development
SNA ANC 2020	\$ 10,000	Exhibit at major K-12 school nutrition event (6,000+ attendees)	RD/School Nutrition Awareness, Support Gov't Purchases
US Rowing Partnership (3-year term)	\$ 10,000	Presence at 4 major US events, provide SDCs for Olympic athletes, newsletter & magazine advertisement	Consumer Awareness among large base of athletic/health conscious consumers, get in on ground floor, 2020 Olympics
PBH Produce Pairing	\$ 7,500	In-Store Retail Promotion partnership w/ Produce for Better Health backing and messaging. Affordable way to get into retail as cost is split between produce groups.	Consumer Targeting, RD Awareness, Retail Sales Lift
<i>Subtotal Recommended Partnerships</i>	\$ 27,500		
Produce for Kids Digital Partnership	\$ 6,000	Produce for Kids is a philanthropically-based organization that brings the produce industry together to educate consumers about healthy eating. This initiative spans just about all forms of digital communication.	Consumer Awareness, focus on kids, very large social reach (122k FB, 53k Insta, 25k Twitter)
Produce for Kids RD Kit	\$ 6,000	Physical retail dietician kit w/ cranberry resources mailed to 600+ RDs	RD/Retail Awareness
Restaurant Association	\$ 5,000	Promotion in 150+ corporate and educational locations, serving ~200,000 meals/day	Awareness Campaign, Recipe Development
National Kidney Foundation Digital Ad	\$ 2,500	3 Digital ads in e-newsletter (9,900 opt-in healthcare subscribers)	RD/ Health Professional Awareness
<i>TOTAL Partnerships</i>	\$ 47,000		