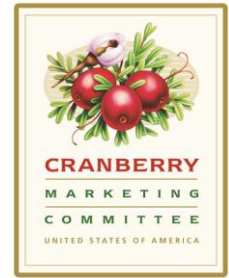


1 **2017 AUGUST ANNUAL MEETING MINUTES**
2 **THE PACIFIC COAST RESEARCH STATION, LONG BEACH, WA**
3 **AUGUST 3 & 4, 2017**
4



5 **THURSDAY, AUGUST 3, 2017**

6 Chairman Jim Rezendes reported that an executive session was held prior to the commencement of the meeting to
7 discuss CMC studies.
8

9 The CMC 2017 Summer Meeting was called to order by Chairman Rezendes on Thursday, August 3, 2017 at 9:16 a.m.
10 at the Pacific Coast Research Station, Long Beach, WA. The Chair requested the CMC's Executive and Financial
11 Assistant call the roll. Chairman Rezendes seated George Rogers in Adrienne Mollor's seat for District 1, and Dr. Steve
12 White for Thomas O'Guinn's seat as the public member, and a quorum was reported present. Chairman Rezendes
13 stated our new public member Dr. Thomas O'Guinn had a personal matter requiring his attention and was therefore
14 unable to attend the meeting. Chairman Rezendes introduced Doris Jamieson, the CMC's USDA Marketing Specialist,
15 who provided the Anti-Trust Guidelines statement prior to the start of the meeting.
16

<u>Member</u>	<u>P/A</u>	<u>Member</u>	<u>P/A</u>	<u>Alternate</u>	<u>P/A</u>
Larry Harju	P	Adrienne Mollor	A	George Rogers	P
Parker Mauck	P	Jim Rezendes	P	Dawn Gates-Allen	P
Stephen Lee	P			Joe Darlington	A
Tom Gerber	P			William Poinsett	P
Vicki Nemitz	P	Jim Van Wychen	P	Gary Jensen	P
Jill Amundson	P	David Bartling	P	Martin Potter	P
Frank Glenn	P			Kevin Hatton	P
Alex Ells	P			Jesse Rezin	P
George Bussmann	P			Ron Puhl	P
Thomas O'Guinn, Ph.D	A			D. Steven White, Ph. D	P

17
18 The Chair began the meeting reviewing the Rules of Order. Chairman Rezendes noted the agenda change from the
19 usual format and stated the international and domestic marketing program presentations would be moved to the
20 following day and the meeting will begin with the marketing policy discussion as the first order of business. The Chair
21 informed the audience this agenda change should provide everyone with a better understanding of the state of the
22 industry so that if there are any actions on volume regulation, everyone will be fully prepared.
23

24 **MARKETING POLICY**

25 Chair Rezendes introduced Kevin Connolly from the APCQ. Mr. Connolly provided an update on Quebec's production
26 forecast for the 2017 harvest and stated a decrease from the 2016 production by approximately by 500k barrels due
27 to acreage transitioning to organic. Mr. Connolly concluded his presentation with a brief update on the APCQ's
28 marketing program.

29 Parker Mauck lead the Committee review of the Q1 through Q3 Position Summary Reports for CY'2016; graphs were
 30 prepared by Marc McFetridge, USDA Economist, Parker Mauck and Michelle Hogan.
 31 The Committee completed the marketing policy with a total US production estimate of 9.1 million barrels and an
 32 estimated carry-over as of August 2017 of 9.85 million barrels.

33
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 37

2017 CROP YEAR MARKETING POLICY

Domestic Production (Averaged)	Committee Forecast August 2017
	<i>Bbls</i>
Massachusetts	1,980,000
New Jersey	580,000
Wisconsin	5,971,000
Oregon	450,000
Washington	160,000
TOTALS	9,141,000
	<i>Bbls</i>
Carry-In as of 09/01/2017	9,856,000
Production & Acquired	
Estimated Domestic Production	9,141,000
Estimated Foreign Acquisitions	2,087,000
Total Production & Acquisitions	11,229,000
Available Supply	21,084,000
Estimated Shrinkage	
2% of Carry-In	197,000
4% Est. of Production/Acquisitions	449,000
Shrinkage	646,000
Adjusted Supply	20,438,000
Utilization	
Fresh Fruit	333,000
Processing Fruit	9,196,000
Total Sales/Usage	9,528,000
Estimated Adjusted Carryover 08/31/16	10,910,000
Inventory as a % of sales	115%

38

39 **Mr. Rogers moved to approve the Marketing Policy as developed. Seconded, by Ms. Amundson. The motion**
40 **carried unanimously.**

41

42 **NEW/OLD BUSINESS**

43 Dr. Richard J. Sexton, Professor at the University of California, Davis, Department of Agricultural and Resource
44 Economics reported on the CMC's 2012-2017 FAIR Evaluation of the Domestic and Export Promotion Program that he
45 conducted with Tina Saitone, Cooperative Extension Specialist and Meilin Ma, Ph.D. candidate. Additionally, Dr. Sexton
46 reported on the Assessment Rate Evaluation that was conducted with Ms. Saitone.

47

48 All facets of Dr. Sexton's analysis of the FAIR evaluation suggest that significant opportunities exists for the CMC to
49 expand sales in a number of markets including China, South Korea, Mexico the recently added target market of India.

50 Dr. Sexton concluded his report with the following observations and recommendations;

- 51 • CMC has been successful in its generic promotion programs, especially in the global market
- 52 • CMC promotes little in comparison to peer industries due to a limited amount of resources
- 53 • Increasing demand is needed to address the industry's extreme oversupply position, therefore a modest
54 increase in assessment rate is reasonable
- 55 • The domestic program showed a slow but steady progress for promoting cranberries as a year round
56 consumption item
- 57 • Additional funds raised from an increase in assessment rates should be used to expand current export markets
58 due to the large untapped food markets and high population countries such as China and India

59

60 Bill Frantz, Senior Manager of Ag Economics and Government Affairs with Ocean Spray Cranberries gave a
61 presentation on the co-operative's support for a handler withhold volume regulation of 15% for CY2017 and a
62 producer allotment volume regulation of 25% for CY2018. Mr. Frantz also stated that OS may support consideration
63 of future supply control actions beyond 2018. Following his presentation there was a lengthy question, answer and
64 discussion period among Committee members and audience members. At the conclusion of Mr. Frantz's presentation
65 Chairman Rezendes offered each committee member seated around the table an opportunity to speak and ask
66 questions. The common message that was heard was a two pronged approach is needed; volume regulation to
67 address the oversupply and an increase in marketing efforts to expand demand.

68

69 Dr. Amy Howell gave her analysis of the recent health study conducted in China and stated the results of the *H. pylori*
70 research were encouraging and trended positively which is needed to determine the potential health benefits of
71 cranberries in the suppression of *H. pylori*. She continued by encouraging the CMC to take what we learned from the
72 study and explore ways to proceed with potential additional research.

73

74 Brian Wick, Executive Director of the Cape Cod Cranberry Growers Association presented a proposal before the CMC
75 Board for \$3,663.00 to help promote Massachusetts Cranberries and fresh fruit at the Boston Public Market.

76 **Mr. Van Wychen motioned to approve \$3,663 for the CCCGA proposal. Seconded, by Mr. Gerber. Motion carried**
77 **unanimously.**

78
79 Tom Lochner presented the WSCGA proposal requesting \$10K for their promotion program. **Mr. Mauck motioned to**
80 **approve the WSCGA proposal. Seconded, by Mr. Bussmann. Motion carried unanimously.**

81
82 Michelle Hogan, CMC's Executive Director reported the status of the voluntary contributions rulemaking that began in
83 2015. As a result of our initial submission and eventual referendum that was held January 23 – February 13, 2017 for
84 this amendment, producers (growers) supported this change to our Marketing Order by 89% of the votes cast which
85 represented 96% of the volume of those producers (growers). Additionally, 89% of the processors (handlers) voting in
86 this referendum also supported this amendment. However, the referendum failed to yield the affirmative vote from
87 processors (handlers) by volume. This was an oversight and not because they were not in support of this referendum.
88 **Mr. Rogers motioned to approve to re-submit the “formal through informal” contributions rulemaking request.**
89 **Seconded, by Mr. Glenn. Motion carried unanimously.**

90
91 Terry Humfeld, CI Executive Director, provided a brief update on projects currently funded by the CMC and included;

- 92 • The Scientific Advisory Board will meet in September, 2017 in Plymouth MA to review industry research
- 93 priorities and to give an update on current research projects
- 94 • The CI's FDA Nutrition Facts Education plan for media registered dieticians that will be held at the 2017 Food &
- 95 Nutrition Conference and Expo (FNCE) in Chicago, IL October 21-24 is progressing. CMC contributed \$29k for
- 96 this event
- 97 • The industry funded project “The Impact of Cranberries on the Gut-Brain Axis in Healthy Aging:A Feasibility
- 98 Intervention” by Drs. David Vauzour (PI) and Michael Hornberger (Co-PI) is slated to begin on September 1,
- 99 2017. The total cost of the study is \$283,704 was shared by 8 funding partners with CMC contributing
- 100 \$147,704 toward the project.

101
102 **TRADE POLICY ISSUES UPDATES**

103 Matt Lantz, BCI, began his presentation with some good news. The EU is expected to maintain the duty suspension on
104 SDC's for another 5 years. This is the result of efforts by Weber Shandwick, BCI and the Tariff Subcommittee as this
105 issue was tracked closely over the past year. All involved worked to gather information and provide relevant
106 background to EU member states and the European Commission. Although this is a success story, additional work may
107 be needed to maintain the cranberry concentrate duty suspension which is scheduled for renewal in 2020.

108
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112

113 **TARIFF ISSUES**

114 Additional update information provided by Mr. Lantz included;

- 115 • The Canada-EU Free Trade Agreement implementation should go into effect on September 21, 2017. On that
116 day the EU tariffs on Canadian cranberry products will go to zero.
- 117 • At the G20 summit this year, the EU and Japan announced they had reached an agreement on the main
118 elements of a Japan-EU Economic Partnership Agreement which will eliminate 99% of tariffs between the two
119 countries over the next 15 years. This heightens the importance of the U.S.'s NAFTA renegotiations
- 120 • Confusion exists on the Indian tariff rate. Recently, dried cranberry exporters to India were told the duty on
121 SDC's was 30%. BCI conferred with the Embassy in New Delhi, BCI and learned the correct rate is 10%. BCI
122 recommends if any exporter is told the tariff is 30%, to please contact Bryant Christie, Inc for documents
123 confirming the 10% correct rate.

124

125 **TRADE POLICY ISSUES UPDATES**

- 126 • Efforts continue on establishing a Codex MRL for Quinclorac and if the EU Commission agrees to remove its
127 reservation, it would establish the Codex MRL in 2019.
- 128 • Spanish authorities are still reviewing the cranberry carbaryl data package prepared by Exponent EU based
129 on the TASC grant studies. They've had the package for several months and efforts are underway to
130 encourage them to complete the review for full submission to EFSA as soon as possible. Spain confirmed this
131 summer; they have some questions on the toxicology of the carbaryl metabolites. These questions will be sent to
132 Dr. Harris and she will evaluate what is necessary to address these points.
- 133 • TASC grant money from 2016 to conduct additional studies in order to maintain a chlorothalonil MRL at Codex
134 have been completed by the IR-4 group. IR-4 is in the process of developing another submission to the Codex
135 technical experts. The Codex MRL is expected to be reestablished in the spring of 2020. The current
136 temporary MRL will remain in place until then.
- 137 • As reported at the CMC's previous two meetings, the EU will be voting on criteria that defines endocrine
138 disruptors (ED) in plant protection products. This means that pesticide compounds will need to be assessed for
139 potential ED properties each time the substance is subject to an approval or renewal at the EU level. The
140 European Chemicals Agency (ECA) and the European Food Safety Authority (EFSA) are working on finalizing a
141 joint guidance document for the regulatory implementation of the criteria, and is expected to be available for
142 public consultation this fall. BCI will continue to monitor the issue and report any new developments.
- 143 • BCI continues to work on seeking permanent Korean cranberry MRL's prior to their January 1, 2019 transition to
144 a full Korean positive MRL list.

- 145 • After the August 2016 approval by the CMC requesting BCI to seek to open the Chinese and Australia/New
146 Zealand market for fresh cranberries, BCI along with the USDA's Animal Plant Health Inspections Service
147 (APHIS) provided a formal submission just before the US-China bilateral negotiations held in October.

148 **Ms. Nemitz motioned to approve to increase the Trade Policy travel budget by \$5k as requested. Seconded by, Mr.**
149 **Harju. Motion was carried unanimously.**

150
151 **MINUTES**

152 The February 16th and 17th, 2017 minutes were reviewed. **Mr. Harju moved to accept the February, 2017 minutes as**
153 **presented. Seconded by Mr. Bartling. Motion was carried unanimously.**

154
155 **FINANCIALS**

156 Chairman Rezendes reviewed and reported on the financials from January 1 through July 31, 2017.

157 **Mr. Rogers motioned to approve the financials as presented. Seconded by Mr. Lee. Motion was carried**
158 **unanimously.**

159
160 **STAFF REPORT**

161 An update on Staff and Administrative Activities was reported by Michelle Hogan, CMC's Executive Director
162 and began with recognition of the new public member, Tom O'Guinn, Ph.D to the committee. She is looking forward to
163 working with him and expects he will be a valuable asset in providing direction for our marketing programs.

164
165 Planning is ongoing for this year's Global Rep Conference in Boston, MA October 23-24 and a Reverse Trade Mission
166 for India and China being held in LaCrosse, WI October 26-27. As we get closer to these events, updates will be
167 provided to industry members on activities and agendas as all are encouraged to attend.

168
169 Since disbanding the IMDS and DMS at the February meeting, Ms. Hogan reported a new format has been
170 implemented that gathers information and guidance from handlers individually. Several conference calls were held in
171 May with handlers, our consultants and staff. Both Bryant Christie, Inc and Pollock Communications compiled the
172 responses and will present their recommendations at this meeting for changes to their respective programs based on the
173 feedback obtained during these calls.

174
175 Executive Director Hogan stated she intends on submitting an additional Section 32 request letter this fall and the
176 annual E-compliance plan and is requesting approval to move forward on both documents submissions. In closing,
177 Executive Director Hogan thanked the staff at the CMC, Bryant Christie, and Pollock Communications for their continued
178 support.

180 Ms. Amundson motioned to approve the e-compliance plan. Seconded by, Ms. Nemitz. Motion was carried
181 unanimously.

182
183 Ms. Amundson motioned to approve the Section 32 request letter be submitted. Mr. Mauck requests to consider
184 postponing this issue following the completion of the marketing policy discussion the following day as there may be
185 subsequent discussions that occur that may impact the purchase requested. Ms. Amundson rescinded her motion.
186 Motion withdrawn.

187
188 Chairman Rezendes stated the committee will go into Executive Session at 4:20 pm. Meeting adjourned at 4:10
189 pm.

190
191

192 **FRIDAY, AUGUST 4, 2017**

193
194 Chair Rezendes called the meeting to order, Friday, August 4, 2017 at 8:10 a.m. The Chair requested the Executive
195 and Financial Assistant to call the roll. Chairman Rezendes Chairman seated George Rogers in Adrienne Mollor's seat
196 for District 1, and Dr. Steve White for Thomas O'Guinn's seat as the public member, and a quorum was reported
197 present.

198

<u>Member</u>	<u>P/A</u>	<u>Member</u>	<u>P/A</u>	<u>Alternate</u>	<u>P/A</u>
Larry Harju	P	Adrienne Mollor	A	George Rogers	P
Parker Mauck	P	Jim Rezendes	P	Dawn Gates-Allen	P
Stephen Lee	P			Joe Darlington	A
Tom Gerber	P			William Poinsett	P
Vicki Nemitz	P	Jim Van Wychen	P	Gary Jensen	P
Jill Amundson	P	David Bartling	P	Martin Potter	P
Frank Glenn	P			Kevin Hatton	P
Alex Ells	P			Jesse Rezin	P
George Bussmann	P			Ron Puhl	P
Thomas O'Guinn, Ph. D	A			D. Steven White, Ph. D	P

199
200 Chairman Rezendes started the meeting with announcements and changes to the agenda as follows: The meeting will
201 start with section 7, International Promotional Program.

202
203 **INTERNATIONAL PROMOTION PROGRAM UPDATE**

204 Updates and recommendations for the International Promotion Program were given by Brooks Erickson and Alyson
205 Segawa, of Bryant Christie, Inc. Included in the presentation were highlights and activities for each target markets,
206 results of the individual program planning handler interviews, key initiatives and the proposed budgets for CY2018.

207
208 Additional reports on the International Promotion Program included;

- The CMC five year export data overview chart showed an overall increase of 3% over previous year, and 38% in the past 5 years.
- Key findings received as a result of the handler interviews were that handlers support the current mix of target markets and activities, the CMC's authenticity message, and setting aside funding in anticipation of the Farm Bill delay or elimination.
- Handlers support a continued emphasis on promoting juice and concentrate to both trade and consumers.
- BCI will be developing up to three additional EMP (Emerging Market Program) grant applications for projects in 2018.
- CMC launched its formal marketing program in India as of July 1, 2017. Out of a pool of 17 responses received from our RFP, the Cranberry Marketing Committee chose Technopak to be its in-market representative

Dr. Steve White commented on the great job that BCI is doing for the CMC. He noted for every dollar the CMC puts into its International Marketing Program, BCI is generating an additional three dollars in federal grant funding. In 2017 the committee funded the International budget with \$700K, and BCI brought in \$2.1MM through USDA funding.

Mr. Van Wychen motioned to approve the increase of \$10K for BCI's retainer fee, and an increase of up to \$55,500 for additional GBI/EMP work. Seconded by, Ms. Amundson. Motion was carried unanimously.

COMMUNICATIONS, MARKETING AND DOMESTIC PROMOTION PROGRAM UPDATE

Karen Cahill, CMC's Communications and Marketing Specialist provided details of various activities and events she has been involved with since the CMC's February 2017 meeting. Ms. Cahill attended several industry meetings, participated in all the individual international and domestic handler calls and is overseeing the production of the cranberry recipe videos that will become a part of CMC's website. Her goals over the next year include a website redesign, translating our international market videos to English so they may be incorporated into the new website and a continuing to increase sponsored posts on social media.

Louise Pollock and Alexandra Oppenheimer from Pollock Communications reported on the domestic promotions program which included current and upcoming promotions as well as the 2017-2018 Fresh Fruit Program activities are as follows.

- The Cranberry *Friendsgiving* contest will be held October 16 through December 18. To help spread industry awareness on this activity, Pollock Communications has developed a 2017 Cranberry Friendsgiving training webinar that can be downloaded from the CMC website
- CMC will be participating in the Food & Nutrition Conference and Expo in Chicago October 21 through 24
- A *Twitter* party is scheduled for Thursday, November 9 at 7pm EST

- Fresh Fruit promotions activities will include a #FreshCranFriday recipe series, that will include a simple and fresh cranberry recipe that will be posted each Friday during *Friendsgiving*, retailer advertising, in-store cranberry promos, and the launch of floral promotions throughout the harvest season.
- As a result of the individual handler interviews, recommended changes to the domestic program include creating a dedicated retail website that provides cranberry resources to members that can be used to facilitate partnerships with local retailers to create their own retail promotions, partnering with Hispanic chefs via *ChefsFeed* which is a food media company that would connect with Hispanic audiences and expanding *Friendsgiving* by targeting today's college generation, Generation Z.

Ms. Oppenheimer provided the 2017 – 2018 domestic program budget and explained the changes to the program based on feedback received from the handler calls. The total budget has not changed, however adjustment in the tactics of the program are based on handler feedback received.

Ms. Nemitz motioned to approve the 2017-2018 Domestic Promotion Program budget and activities as presented. Seconded by, Mr. Gerber. Motion was carried unanimously.

Chairman Rezendes seated Dawn Gates-Allen in his place as a voting member for the remainder of the meeting.

DATA COLLECTION REVIEW SUBCOMMITTEE UPDATE

Steve Berlyn, the Chair of the Data Collections Subcommittee reported on the work and recommendations of the group. During the subcommittees eight conference calls, Handler Inventory Report (HIR) line-item definitions were updated, and conversion chart was developed for handler use; and a minor change was made to the handler inventory report.

Ms. Amundson motioned to approve the update Data Collection forms with the addition for description for concentrate from CN to read CONC. Seconded by, Mr. Bartling. Motion was carried unanimously.

Chairman Rezendes expressed his thanks to the members of the Data Collection Subcommittee and notified them this committee has completed their project, and that their work was well done. The Data Collection Subcommittee was disbanded.

MARKETING POLICY (CONTINUED)

Chairman Rezendes requested Mr. Mauck reviewed the Marketing Policy worksheets developed by the Committee the previous day.

VOLUME REGULATION

After the review Chairman Rezendes opened the floor for any discussion or recommendations for volume regulation.

279 Mr. Rogers stated today's intent is to:

- 280 • Get an Industry consensus on some sort of regulation.
- 281 • The need for a multi-year tapered approach to minimize the impact to the growers.
- 282 • And to send a strong message that we intend to stabilize our supply/demand issue in order to improve the
- 283 conditions of the cranberry producers in the United States we represent.

284 **Mr. Rogers motioned to make two separate motions and have them voted on together.** Mr. Rogers

285 read the two motions for volume regulation and was as follows:

286

287 **Motion 1: 2017 Handler Withholding:**

- 288 1. Pursuant to CFR Section 929.51, the Cranberry Marketing Committee recommends to the Secretary of
289 Agriculture of the United States that the Secretary establish a Handler Withholding under Section 929.54, with
290 a free percentage set at 85% and a restricted percentage for handlers of **15% for the 2017 cranberry crop.**
- 291 2. The Committee further recommends that the regulation issued by the Secretary shall include clarification that
292 **any handler, at the handler's discretion, may meet up to 50% of its obligation to withhold from handling**
293 **restricted fruit in any form other than whole fruit, based on equivalent volumes** as set forth in the Cranberry
294 Forms Equivalency Table attached as Exhibit 1.
- 295 3. The Committee further recommends that the regulation issued by the Secretary shall include clarification that
296 handlers may comply with their obligations with respect to Restricted Fruit after receiving (picked, weighed,
297 sampled for percent usable) and prior to cleaning subject to inspector certification. This clarification has
298 authority under Sections 929.54(b) and (c).
- 299 4. The Committee also recommends that the regulation **exempt USDA certified organic cranberries**, from being
300 treated as restricted fruit.
- 301 5. The Committee also recommends that for every handler on record for the 2016 crop year, the regulation
302 **exempts the first 125,000 barrels of fruit it handles**, with no transferability in the event a handler handles less
303 than this amount.
- 304 6. The Committee recommends that the regulation issued by the Secretary shall include the provision that transfers
305 of Restricted Cranberries be subject to Section 929.56 (a) –(b) but that Section 929.56(c) – (h) be deemed
306 inapplicable.
- 307 7. The Committee recommends that regulation issued by the Secretary shall provide that the outlets for excess fruit
308 shall be subject to the language in Section 929.61 and 929.104, provided that paragraph (b) of that section
309 shall not apply to paragraphs (a)(2)-(4), with no further noncompetitive outlets.
- 310 8. The Committee further recommends that the regulation issued by the Secretary shall specify that each handler
311 must submit a disposal plan to the Committee by June 1, 2018 and certify to the Committee the completion of
312 their obligation to withhold from handling and dispose or otherwise properly divert all of their restricted
313 cranberries by no later than August 31, 2018.

- 314 9. The Committee further recommends that a subcommittee be formed on an expedited basis to establish
315 appropriate forms and documentation to be used in the Committee's oversight of handlers' compliance with the
316 regulation, with such forms and documentation to be recommended to the Secretary as soon as is practicable,
317 and requests that they be reviewed as soon as is allowable.
- 318 10. The Committee further recommends that all inspection costs be the responsibility of the handler.
- 319 11. All delivered product will be reported and assessments applied.
- 320 12. The Committee further recommends that the regulation issued by the Secretary include any other adjustment,
321 clarification or modification to the current Cranberry Marketing Order regulations as necessary and
322 appropriate to carry out the intentions of this vote and to effectively and efficiently implement the 2017
323 Handler Withholding described herein.

324 **Motion 2: 2018 Producer Allotment:**

- 325 1. Pursuant to CFR Section 929.51, the Cranberry Marketing Committee recommends to the Secretary of
326 Agriculture of the United States that the Secretary establish a Producer Allotment under Section 929.49 at **75%**
327 **allotment of cranberries for the 2018 cranberry crop, with a Restricted Percentage of 25%**, without the
328 further use of marketable quantity of cranberries.
- 329 2. In order to effectuate the above Producer Allotment, the Committee further recommends that the regulation
330 issued by the Secretary shall include the clarification that any handlers, at the handler's discretion, **may receive**
331 **all cranberries in excess of their growers' annual allotments on acres for which each grower will deliver to**
332 **such handler, which shall be treated by the handler as excess cranberries.** This clarification has further
333 authority under Sections 929.49 and 929.59.
- 334 3. The Committee also recommends that the regulation issued by the Secretary shall include the clarification
335 pursuant to 929.59(a) that **up to 50% handler-held excess cranberries may be converted and disposed of in**
336 **any form other than whole fruit, based on equivalent volumes,** as set forth in the Cranberry Forms
337 Equivalency Table attached as Exhibit 1, and such disposal may occur after March 1, 2019 and before August
338 31, 2019. This clarification has further authority under Section 929.60(e), as it relates to 929.52 and 929.49.
- 339 4. The Committee also recommends that the that the regulation issued by the Secretary shall **exempt USDA**
340 **certified organic cranberries, and District 4 Producers** from this Producer Allotment.
- 341 5. Committee recommends that regulation issued by the Secretary shall provide that the outlets for excess fruit
342 shall be subject to the language in Section 929.61 and 929.104, provided that paragraph (b) of that section
343 shall not apply to paragraphs (a)(2)-(4), with no further noncompetitive outlets.
- 344 6. The Committee recommends that regulation issued by the Secretary shall provide that the Producer Allotment
345 be implemented using the sales history as set forth in Section 929.149.
- 346 7. The Committee further recommends that the regulation issued by the Secretary shall include and provide any
347 other adjustment, clarification or modification to the Cranberry Marketing Order regulations as necessary and

348 appropriate to carry out the intentions of this vote and to effectively and efficiently implement the 2018
349 Producer Allotment described herein.

350 At the conclusion of Mr. Rogers' reading, his Motion was **Seconded by, Ms. Nemitz** A discussion began regarding
351 clarification with the Producer Allotment motion and includes an amendment to the original motion as follows:

352
353 Producer Allotment disposal for CY2018 must occur after March of 2019, but before August 31, 2019. Chairman
354 Rezendes asked Mr. Rogers and Ms. Nemitz, separately, if they agreed to the amendment. **Mr. Rogers and Ms.
355 Nemitz, accepted this amendment.**

356
357 Ms. Rezin raised a question regarding the Handler Withhold motion; on #5 a handler must be on record as of 2016.
358 Chairman Rezendes asked Mr. Rogers and Ms. Nemitz if they agreed to the amendment. **Mr. Rogers and Ms.
359 Nemitz accepted this amendment.**

360
361 A review and discussion on each section and rule separately was completed to ensure the Committee members
362 understood the complete motion.

363
364 Following this exercise, Ms. Amundson noted that all sections of the order on the Handler Withholding motion had been
365 explained and Chairman Rezendes asked the Committee members and audience if there were any questions. Doris
366 Jamieson, the CMC Marketing Specialist asked for clarification; we do not want foreign countries to be included as
367 outlets for excess fruit. Ms. Amundson responded that is the intent.

368
369 Chairman Rezendes clarified the change in #11 which was to address growers' sales history. He stated that sales
370 history for the 2017 crop is going to be based on grower's delivery and the assessment paid to the CMC will be based
371 on that delivery. The 15% restriction will not be applied and growers will receive full credit for their deliveries on their
372 sales history certificates. For the Producer Allotment volume regulation sales history will be calculated averaging a
373 growers' best 4 out of 6 years from 2012 through 2017. Reporting from the handler withhold volume regulation will
374 not be any different than any other year year.

375
376 Chairman Rezendes requested Ms. Amundson explain the 2018 Producer Allotment volume regulation motion for to the
377 entire committee and audience.

378
379 Questions were raised regarding appeals, and if a subcommittee would be needed. Doris Jamieson, CMC's USDA
380 Marketing Specialist stated that under our rules and regulations for provisional allotment, we do have an appeals
381 process in place. Chairman Rezendes advised Ms. Jamieson we will use the guidelines in place, and that no
382 modifications will be made to the original.

384 Chairman Rezendes asked the committee members, followed by audience members, if there were any questions on the
385 second volume regulation motion. Hearing none, the Chair explained that a Handler Withhold 15% with the 125K
386 exemption for each handler is expected to remove approximately 975K bbls from inventory.

387

388 The Chair stated that due to the caveats of the Producer Allotment of 25%, we're estimating sales history plus ramp up
389 at approximately 9.7 million barrels for 2018 before the restricted fruit amount is applied. Total removal between the
390 two programs is estimated to be approximately 2.7 million barrels which will help address the current excess inventory
391 of 3.8 million barrels.

392

393 After a lengthy discussion Ms. Jamieson asked for an explanation of why the committee was doing two different volume
394 regulations, two different years, and two different methods. The Chairman responded that following the development
395 of the marketing policy and hearing the results of the evaluations and the industry is faced with a huge inventory that
396 continues to build. Therefore It's critical we regulate the 2017 crop and no action would result in adding another
397 1million barrels to the surplus. If we waited until our February meeting to regulate the 2018 crop, we would need to
398 remove current inventory plus the additional 1 million barrels in production we are now expecting for 2017. Producer
399 Allotment is the least expensive method to remove fruit, but we don't have the provision in our Order to initiate that
400 method of regulation at this time for the 2017 crop, therefore our only option is the handler withhold.

401

402 Chairman Rezendes reported the CMC will be forming a health research subcommittee and an assessment subcommittee
403 to look at creating a plan to increase the assessment rate to increase global demand for cranberry.

404

405 After hearing no further discussions, Chairman Rezendes asked the Executive & Financial Assistant to take a roll call vote
406 for both motions. The motions for volume regulation passed unanimously with a vote of 14 for, 0 against the motion.

407

Yes, for both	No	Abstain
Ms. Amundson		
Mr. Bartling		
Mr. Bussmann		
Mr. Ells		
Mr. Gerber		
Mr. Glenn		
Mr. Harju		
Mr. Lee		
Mr. Mauck		
Mr. Rogers		
Ms. Nemitz		
Mr. White		
Ms. Gates-Allen		
Mr. Van Wychen		
14	0	0

408

409

410 **BUDGET**

411 Chairman Rezendes stated the assessment rate will remain at .28¢ per barrel for FY 2017/2018 and reviewed the
 412 proposed FY2017/2018 Budget as recommended by the Officers Committee.

413

414 **Ms. Amundson motioned to approve Weber Shandwick for \$3,120 monthly fee. Seconded, by Mr. Mauck. Motion**
 415 **was carried unanimously.**

416

417 Chairman Rezendes requested a discussion on the re-Allocation of the remaining funds in the Scientific Activation Plan
 418 budget. The Chair stated that with the implementation of volume regulations and the unknown costs associated with
 419 these regulations the \$136,500 should not be re-allocated at this time. **Mr. Lee motioned to hold the remaining funds**
 420 **from the Scientific Activation Plan budget of \$136,500 until further notice. Seconded by, Mr. Harju. Motion was**
 421 **carried unanimously.**

422

423 **Ms. Amundson motioned to accept the budget as shown. Seconded by, Mr. Ells. Motion was carried**
 424 **unanimously.**

425

426 The approved FY'2017 Budget is as follows:

<i>Items</i>	<i>FY17 Budget</i>	<i>Approved</i>
<i>INCOME</i>		
Assessments	\$	2,535,400
Interest Income	\$	6,000
MAP Funding - Generic (Sept- Dec)	\$	504,498
MAP Funding - Generic (Jan-Aug)	\$	1,000,000
MAP Funding - Branded	\$	400,000
FMD Funding	\$	157,686
TASC Funding	\$	110,000
QSP Funding	\$	36,000
EMP Funding	\$	265,000
GBI Funding	\$	196,000
Reserve Funds: Restricted	\$	1,000,000
Reserve funds: Unrestricted	\$	450,000
<i>INCOME</i>	\$	6,660,584
<i>OPERATING EXPENSES-ADMINISTRATIVE</i>		
Salaries		
<i>Total Salaries</i>	\$	317,800
<i>Benefits & Payroll Taxes</i>		
Employee Benefits	\$	70,000
Payroll Taxes-FICA	\$	18,975
Payroll Taxes-Medicare	\$	4,440
Pension Plan	\$	24,000
<i>TOTAL BENEFITS & TAXES EXPENSES</i>	\$	117,415
<i>Meeting & Travel Expenses</i>		
Staff Expenses	\$	20,000
Committee & Meeting Expenses	\$	150,000
Subcommittee Expense	\$	10,000
Field Staff Expenses	\$	5,000
<i>TOTAL MEETING & TRAVEL EXPENSES</i>	\$	185,000
<i>Administrative Expenses</i>		
Facility Rent	\$	21,900
Office Expenses (General)	\$	47,500
Insurance (D&O/GL)	\$	27,000
Board Restricted for Operating Reserve	\$	1,000,000
Professional Services	\$	22,000
Owned Equipment	\$	5,000
Leased Equipment Expense	\$	12,000
Maintenance/Repair Expense	\$	5,000
Subscriptions & Dues	\$	2,500
Compensation Adjustment	\$	6,535
Payroll Services	\$	4,500
Admin Contractual/Compliance/Other	\$	37,500
<i>TOTAL ADMINISTRATIVE EXPENSES</i>	\$	1,191,435
<i>TOTAL OPERATING EXPENSES</i>	\$	1,811,650

PROGRAMS

INTERNATIONAL PROMOTION PROGRAM

CMC Assessments Appropriation	\$	700,000
AP Generic	\$	1,504,498
FMD	\$	157,686
EMP	\$	265,000
GBI	\$	196,000
QSP	\$	36,000
TASC	\$	110,000
Sub-Total	\$	2,969,184
Branded Program	\$	400,000
Sub-Total	\$	3,369,184

CONTRACTOR

BCI Retainer Fee (G, F & EU Region)	\$	205,500
BCI: Misc. Expenses (Travel & Communications)	\$	30,000
Sub-Total	\$	235,500

TRADE POLICY PROGRAM

BCI Trade Policy Retainer Fee	\$	170,500
Travel & Communications	\$	30,000
Data Packaging	\$	50,000
Contractual Services	\$	33,200
Sub-Total	\$	283,700
Staff International Travel	\$	20,000
Total International Program	\$	3,908,384

DOMESTIC PROMOTION PROGRAM

Fresh Fruit	\$	101,000
Domestic Promotion/Partnerships	\$	532,500
Collateral Material	\$	10,000
Website Maintenance	\$	15,000
Total Domestic Promotion	\$	658,500

TOTAL PROMOTION & TRADE PROGRAMS \$ **4,566,884**

PROJECTS

Scientific Advisory Board (SAB)	\$	17,000
Special Projects	\$	45,279
Special Projects/Research	\$	299,000
Grower Database Program (Website)	\$	40,000
TOTAL PROJECTS	\$	401,279

TOTAL PROGRAMS & PROJECTS \$ **4,968,163**

TOTAL OPERATING/PROGRAMS/PROJECTS \$ **6,779,813**

Deficit/Surplus \$ **(119,229)**

427

428 **Mr. Glenn motioned to retain Independent Auditor, Gosule, Butkus, and Jesson for the 2016-2017 crop year.**

429 **Seconded by, Ms. Gates-Allen. Motion was carried unanimously.**

430

431 **Ms. Nemitz motioned to authorize the Executive Director with the Officers Committee to make inter-item transfers**
432 **of budgeted funds among line-item accounts in excess of 10% for annual audit purposes, as to provide for**

433 **adequate funding of such accounts through the end of the fiscal period, August 31, 2017. Seconded by, Dr. White.**
434 **Motion was carried unanimously.**

435

436 **OTHER BUSINESS**

437 Chairman Rezendes stated the importance of Committee attendance at the Global Rep Conference and the Reverse
438 Trade Mission scheduled in October and if Committee members would like to attend to contact staff.

439

440 Three new subcommittees will be formed and are as follows:

441 Volume Regulations Subcommittee: The mission will be to draft the regulation forms on the handler withhold volume
442 regulation and producer allotment (if necessary) and submit to the committee for approval in order to submit to USDA.
443 Jesse Rezin will Chair, and members will include Parker Mauck, Mike Viano Steve Berlyn.

444 Health Research Subcommittee: The mission will be to advise the committee with recommendations for health research
445 and to track projects to completion. Jill Amundson will Chair, and members will include George Rogers, Steve White,
446 Terry Humfeld, and Amy Howell.

447 Assessment Subcommittee: The mission will be to evaluate any potential increase in the assessment rate and evaluate
448 what benefits we could anticipate from this investment. Gary Jensen will Chair, and members will include Steve White,
449 Dawn Gates-Allen, Peter Wyman.

450 Any additional industry members interested in serving on these committees should contact Mr. Rezendes.

451

452 In years of volume regulations, we have asked the USDA for an exemption from conducting handler audits due to costs
453 and staff workload. **Mr. Harju motioned to approve requesting an exemption from conducting 2017 handler audits**
454 **depending on the implementation of volume regulation. Seconded by, Mr. Bartling. Motion was carried**
455 **unanimously.**

456

457 **Ms. Nemtiz motioned to approve the Domestic Program's additional changes as presented. Seconded by Mr.**
458 **White. Motion was carried unanimously.**

459

460 **OTHER BUSINESS**

461

462 The CMC Winter meeting will be held Arlington, VA at the Ritz-Carlton on February 12th and 13th, 2018. The 2018
463 Summer meeting will be held in New Jersey, location TBD.

464

465 Hearing no additional business to come before the Committee, **Mr. Van Wychen motioned to adjourn the meeting.**
466 **Seconded, by Mr. Bartling. Motion was carried unanimously. Meeting adjourned at 12:03 p.m.**

467

468 Respectfully submitted,

469 Judy Mears

470 Recording Secretary