



1 **2017 FEBRUARY ANNUAL MEETING MINUTES**
2 **RITZ-CARLTON, PENTAGON CITY, ARLINGTON, VA**
3 **FEBRUARY 16 & 17, 2017**
4
5

6 **THURSDAY, FEBRUARY 16, 2017**

7 The CMC 2017 Winter Meeting was called to order by Chairman Rezendes on Thursday, February 16, 2017 at
8 8:09 a.m. at the Ritz-Carlton, Pentagon City, Arlington, VA. The Chair requested the CMC's Executive and Financial
9 Assistant to call the roll and it was reported a quorum was present. Chair Rezendes then seated Ron Puhl to fill the
10 District 4 Independent seat due to the absence of voting member George Bussmann. The Chair then asked Doris
11 Jamieson, the CMC's USDA Marketing Specialist, to read the Anti-Trust Guidelines statement prior to the start of the
12 meeting.
13

<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	P	George Rogers	P
Parker Mauck	P	Jim Rezendes	P	Dawn Gates-Allen	P
Stephen Lee	P			Joe Darlington	P
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	A
George Bussmann	A			Ron Puhl	P
D. Steven White, Ph. D	P			Vacant (public member)	A

14
15 Changes to the agenda are as follows: Patty Patrella will give her presentation prior to the Health Research
16 Update by Amy Howell. Additionally, Chairman Rezendes stated the committee has had poor subcommittee
17 participation, and noted the importance of industry involvement. A discussion on CMC subcommittees will be held at
18 a later time during the current meeting.
19

20 **AMS'S NATIONAL RESEARCH & PROMOTION PROGRAMS**

21 Patty Patrella, Deputy Director Promotion and Economics Division presented to the committee the USDA's Research &
22 Promotions Program, also known as a Check-Off Program. The goal of the program is to maintain and expand
23 markets for agricultural commodities. Congress delegated authority to the USDA via the Federal Legislation
24 Commodity Promotion, Research and Information Act of 1996, the generic statute, or under the Individual Statute
25 specific to the Commodity. These programs are formed at the request of the commodity industry and once created
26 are funded entirely by the industry stakeholders; producers; handlers; processors and others in the marketing chain.
27 Ms Patrella went over actions needed to request the R&P program that included creating a proposal, prohibited
28 activities, the role of the R&P Board; and USDA oversight. Ms Petrella concluded her presentation with a side by
29 side comparison of a Marketing Order and the National R&P Program.

30 **HEALTH STUDY RESEARCH UPDATE**

31 Dr. Amy B. Howell updated the committee on the progress of the Health Study being conducted in China since the
32 CMC's last meeting. At this time all participants have completed the 8 week testing. The compliance rate was a
33 phenomenal 94.62% and above. Quality checks on the test results and questionnaires at 2 weeks and 8 weeks will
34 be input for further analysis. This data processing will take approximately 2 weeks, an additional week for further
35 data cleaning, and 2 weeks for analysis, the results could be available by the end of March 2017. It is estimated
36 that the conclusion and release of results could be published in October, 2017.

37

38 Dr. Howell also provided a presentation for an Equivalency Study on Cranberry Products with the purpose to use as
39 a tool for answering consumer and media inquiries on equivalent servings of each product category. The Committee
40 will discuss this item in more detail later in the meeting.

41

42 **CLINICAL STUDY INTERNATIONAL SCIENCE ACTIVATION PROGRAM**

43 Louise Pollock of Pollock Communications gave the committee an update of the Clinical Study International Science
44 Activation Program, a key component of the Clinical Research reported on by Dr. Amy Howell. Upon completion of
45 the research, Pollock Communications will generate widespread U.S. media coverage and guide international
46 outreach. They will develop key messages; a sample press release, FAQ's (frequently asked questions) and provide
47 results in a multimedia release for use worldwide. These packaged results will also be provided to our international
48 marketing agencies. This will allow the international agencies time to translate the information and adhere to the
49 guidelines of their respective countries regarding publication of health benefits of foods. A tentative timeline was
50 presented and an expected publication was reported as being between September of 2017 and January of 2018.

51

52 **INTERNATIONAL PROMOTION PROGRAM UPDATE**

53 The International Market Development update was given by Chair Marion Burton and Vice-Chair Steve White. The
54 report updated the committee on the results of the actions taken in the international markets, an overview of the core
55 2016 accomplishments, key initiatives, and the budget proposal.

56

57 Points and discussion noted during Ms. Burton and Steve White's report from the IMDS include:

- 58 • The Chinese in-market representative, MZ Communications, was charged with proposing a plan utilizing the
59 GBI (Global Broadband Initiative). Within the proposed plan, a key item was continued educational
60 seminars that focused on cranberry health, these were held in conjunction with the High Bush Blueberry and
61 U.S. Pecan Councils in 3 major cities.

- 62 • After further research in India, a continued investment is recommended with a budget request for
63 2017/2018 of \$350K. Justification for a formal marketing program is due to the population size and the
64 significant increase in middle class families that currently have a high consumption rate of dried fruits in their
65 diets.

- 66 • What should future investments be in Mexico? The general thought is the focus should be on promoting
67 cranberries with the consumer directly with a health message as the focal point. Additionally, what type of
68 success metrics should be used to help determine what future investments would be effective in sustaining the
69 current in-country successes?
- 70 • A program shift has occurred in Pan Europe. The focus in the four markets of Germany, France, Poland and
71 Turkey with an effort on expanding websites and social media, while maintaining current information.
- 72 • The IMDS continues to see Turkey as a viable market due to the consumption of dried fruit in the Turkish diet
73 as well as a significant amount of the population is effected by UTI's and *H.pylori*. In addition, they see
74 Turkey as a gateway to other European countries.

75 Following Ms. Burton and Steve White's report, updates and recommendations for the International Promotion
76 Program were given by Alyson Segawa and Brooks Erickson, of Bryant Christie, Inc. During the presentations, the
77 market highlights, core initiatives, and activities for each country were reviewed. In conclusion they provided a
78 review of the International Activity Calendar of events scheduled during January 2017 through December 2017.

79
80 The report on the International Promotion Program included;

- 81 • Market highlights in Mexico focused mainly on Consumer Public Relations. These efforts in the past year
82 featured U.S. cranberries, via media outlets, print, online sources, press releases, TV spots; radio
83 segments, etc. and have garnered impressive results exceeding expectations.
- 84 • In Pan Europe, during the months of October and November, Turkey held 30 days of in-store promotions
85 at major shopping malls in Istanbul. During that time they reached an average of 5,000 consumers per
86 day, where sales of SDC's showed an increase of 300%.
- 87 • Following the direction by the CMC, international marketing activities have been emphasized for
88 concentrate and beverage/juice events. As an example, we attended Germany's Bar Convent Berlin
89 Tradeshow, the largest beverages and bar sector show in Germany. Not only did the exposure reach
90 German consumers but a broader European market as well, as nearly half of the attendees were
91 international.
- 92 • For the first time, the CMC entered Seoul Café Show, a 4 day event for local trade and consumers, held
93 independently of one another. In preparation a Chef consultant was hired to develop 4 beverages to
94 be promoted and prepared at the show and distributed to attendees. Additionally, the Chef consultant
95 developed a number of foodservice recipes targeting food service chains, primarily in Seoul and then
96 conducted 5 one-on-one seminars from August through October.
- 97 • GBI educational seminars were held in three major cities. The CMC partnered with US Highbush
98 Blueberries and US Pecans. The seminars were attended by high level trade and media organizations.

99 In 2017 there will be an increased focus on the health benefits of cranberries during these promotions.
100 Last year, China's health food industry reached \$29 billion dollars. This trend of living a healthier
101 lifestyle, and turning to preventative measures is gaining momentum. Added to that, the widespread
102 distrust of domestic products, and a recent study by Oxford Economics that found households in China
103 with an annual income over \$35k per year will surge 300% in the next 10 years. These developments
104 present a significant opportunity for cranberries in China.

- 105 • Exploratory activities have taken place in India through grant programs to help generate awareness of
106 cranberries with local trade. Educational, culinary, and mixology seminars and competitions, with
107 established and prominent local participants, were held. Video highlights were shown where many local
108 prominent figures emphasized the importance of increasing consumer awareness of cranberries.

109 Strategies and tactics for the individual markets, and global retail product launches were reviewed for the current
110 year by region. Key program insights show that exports continue to grow; the possibility the new administration
111 could alter the trade landscape and Farm Bill 2019 consideration as well. Additionally, BCI reported on CY17
112 initiatives including the continuation of the beverage/concentrate emphasis, social media presence, the health
113 benefits messaging, then concluded with an overview of the proposed CY17 budget.

114
115 IMDS Chair Marion Burton concluded the presentation with a summary of the recommendations and key initiatives for
116 the international market going forward.

117 118 **FDA GUIDELINES FOR A SYSTEMATIC REVIEW PROCESS**

119
120 Laura Walter, Nutritionist with AMS presented to the committee the FDA Guidelines and the Systematic Review
121 Process for developing marketing materials for research communications activities. A Guiding Principles/Best
122 Practices booklet is being created and is expected to be finalized in summer 2017. This booklet will outline the
123 appropriate language to be used in providing context for research results so that it's in line with FDA requirements
124 and the Federal Trade Commission (FTC). Ms. Walters clarified the guidelines we must follow and gave details on
125 specific criteria and qualifiers that must be met and copies of complete research studies referenced in our collateral
126 material which is reviewed by AMS in order to be approved for inclusion in our collateral materials. In summary, Ms.
127 Walter pointed out all materials to be reviewed must meet the current government policies; Dietary Guidelines
128 Policy, and the FDA Guidance on structure function. She encouraged the committee to reach out to the Nutrition
129 Evidence Library housed in the Senate for Nutrition Policy and Promotion.

130 131 **COMMUNICATIONS AND MARKETING UPDATE**

132
133 Karen Cahill, CMC's Communications and Marketing Specialist and Chair of the Domestic Marketing Subcommittee
134 provided details of activities she has been involved with since the August 2016 meeting. Ms. Cahill reported on

135 volumes of social media views, traffic to CMC's website, communications via newsletters, press releases, and the
136 various meetings and events she has attended in the previous six months. Ms. Cahill was instrumental in the
137 production and completion of a 5 part video series showcasing concentrate, juice, fresh, dried, and sauce. The
138 videos will be released periodically over the next several months. Additionally, the CMC partially funded an up to
139 date B-roll video with the WSCGA showcasing the cranberry growing process over all four seasons. This will
140 provide immediate availability to various media outlets that may request cranberry footage.

141

142 **DOMESTIC PROMOTION PROGRAM UPDATE**

143

144 Alexandra Oppenheimer of Pollock Communications reported on the results of our domestic promotions program
145 including completed promotions, promotions in progress while Louis Pollock presented recommendations for future
146 promotions for the FY'17 program. These activities included;

147

148 • The 2016 Cranberry Friendsgiving Photo Contest was a success with over 600 entries received in two
149 months. This year entrants were given more chances to win with the expansion to 8 winners. Entrants had an
150 opportunity to win in one of 5 regions, and either the food, drink, and décor categories, totaling 8 prizes.
151 Each entry was judged based on taste/visual appeal or décor attractiveness, originality, creativity and
152 social media value. During the Friendsgiving promotion period, a one hour twitter party was hosted with
153 712 participants. During the party the #friendsgivingcranberrycontest hashtag trended at #50 in the U.S.
154 amongst all twitter events occurring simultaneously.

155 • Various retail promotions and conferences were attended and were well received. Fresh cranberry sales
156 promotions at Jewel-Osco saw a 9.6% increase compared to prior year sales figures. Online media outlets
157 such as *parade.com* and *bon appétit* have connected cranberries with these celebrations. As an example,
158 Parade.com featured meal-planning tips and DIY crafts, including the Friendsgiving Contest and Entertaining
159 Guide.

160 • First year strategies for the Fresh Fruit Program were to increase consumer awareness of the versatility in
161 recipes and décor, and to identify new opportunities for fresh cranberries at retail. A "Guide to
162 Entertaining with Fresh Cranberries" was developed and featured in the Friendsgiving outreach in 2016.

163 • A total of five trade publication print ads for fresh cranberries were secured in Produce Business and
164 Supermarket News receiving 261,840 print impressions. Several contacts were made with retail floral
165 departments in order to develop a pilot program for the 2017 harvest season.

166 • Plans to step up the success in 2017 for the 3rd Annual Friendsgiving Contest include, updating the entry
167 submission, deploying an e-blast to cranberry consumer database, and sharing resources to encourage

168 entries, and generate contest buzz by targeting millennials where they spend their time the most; on social
169 media.

- 170 • The recommendation for the 2017 Fresh Cranberry Promotion is to use an incremental approach. First, to
171 connect with *Cook with Cranberries Recipe Redux*. Recipe Redux is a network of nutrition and foodie
172 bloggers that compete each month to make healthy and delicious recipes based on a specific food or theme.
173 This would infuse social media outlets with new fresh cranberry recipes during harvest and Friendsgiving.
174 Secondly, apply for a Hy-Vee Dietician product spotlight as part of a brand new promotion. Hy-Vee, a
175 has 240 grocery stores, each with their own in-store dietician, located in the mid-west would give us
176 placement in *Hy-Vee Balance* magazine where there are 940,000 printed copies and 2 million readers. A
177 post contest survey would provide feedback on product and messaging. Also, a mention in *Healthy Bites* with
178 120,000 printed copies, accompanying social media promotion, and shelf signage.

179

180 **TRADE POLICY ISSUES UPDATES**

181

182 Matt Lantz, BCI began his presentation with a discussion on current Trade Agreements and followed up with Tariff
183 issues. Additional update information provided by Mr. Lantz included;

184

185 **TARIFF ISSUES**

- 186 • At the August meeting in La Crosse, WI the committee agreed to retain Weber Shandwick, who assisted in
187 the original duty suspension, to track the upcoming five year duty suspension renewal for dried cranberries
188 in the EU. Things changed considerably in September when conversations with the European Commission
189 revealed that some officials believed that given the likely passage of the Canadian-European Union Free
190 Trade Agreement (CETA), there may no longer be a need for the broader duty-suspension. In the CETA
191 agreement, Europe agreed to immediately eliminate all EU duties on Canadian cranberry products. Once in
192 place, Canadian product would enter duty free, as well as US concentrate and dried cranberries for further
193 processing, but if revoked, US product would enter at original MFN rates of 17.6% for dried, and 16.8%
194 for concentrate. This potential change of policy dramatically changes the dynamic of the duty suspension
195 issue. A discussion appears to be likely at a European Tariff Committee meeting in May. Since hearing of
196 this news, members of the CMC Tariff Subcommittee have worked on arguments in favor of maintaining the
197 duty-suspension. The arguments were not meant to undermine the duty suspension in the CETA or its
198 implementation, but instead were seeking to maintain the current duty suspension for all markets so US
199 products would be able to continue to supply the market at the current duty rates in place since the duty
200 suspensions began in 2010 and 2011. Industry officials have worked with their European contacts to make
201 their case for maintaining the duty suspension for the future. These efforts are expected to continue into the
202 spring leading up to the duty suspensions review. CETA is expected to take effect in February.

- In the first few days of the new administration the US formally withdrew from the Trans Pacific Partnership (TPP). The agreement was particularly good for the cranberry industry. In Japan, the 11% dried cranberry tariff was set to be immediately eliminated and the 19.1% concentrate tariff would have been eliminated over a six year period. Instead, the tariffs will remain. However, now that the US has withdrawn from TPP, some argue that bilateral agreements with Japan may be considered. Such an agreement would be important to the cranberry industry, however it remains to be seen whether this becomes a priority for the current administration. With the formal withdrawal from the TPP and a call for a renegotiation of the North American Free Trade Agreement (NAFTA) it remains to be seen where the new administrations Trade Policy will lead. Given that, BCI provided the committee with a brief assessment, included in the board book, of the bilateral and regional free trade agreements both in place and underway for other major cranberry producers. (Chile and Canada)

TRADE POLICY ISSUES

- Work continues on addressing the Codex quinclorac cranberry MRL. Dr. Caroline Harris, Mr. Lantz and several others have prepared materials in defense of the Codex cranberry quinclorac MRL. Dr. Harris remains in contact with the European Commission, which is the entity in charge of the review. In response to the EU concerns on the compound, BASF is preparing a submission of additional data to support the use of quinclorac to Codex at the technical JMPR meeting in September 2017. The data will then be evaluated, and then reviewed by the Codex Committee on Pesticide Residues (CCPR) in April 2018. The current process for applications at Codex is expected to take approximately two years.
- Mr Lantz received an email from the US office of Exponent just hours before his presentation. The email provided an update on the quinclorac import MRL petition they submitted to Canada in October of 2016. The submission has passed all checks, and reviewed. The anticipated completion and decision date for the import MRL in Canada is set for February 7, 2018.
- A Carabaryl cranberry data package was prepared by Exponent UK and submitted to Spanish authorities for review. Initially there were some questions about the submission by the European Food Safety Authority (EFSA) that were addressed immediately by Dr. Harris. Spanish officials have had the package for several months and efforts are underway to encourage them to complete their review and submit to EFSA. Spain is the Rapporteur Member State (RMS) and the application must go through them.
- During a trip to Beijing, China Mr. Lantz met with US Embassy officials to discuss Chinese MRL's, and discovered the efforts to establish a system in China to seek import tolerances has not significantly progressed. Having an import tolerance system would allow data to be reviewed from other countries making field trials unnecessary, as they are presently. This would provide significant savings to registrants and result in more MRL's and less concerns of Chinese violations. No issues have emerged on pesticide residues in Chinese ports as shipments to China continue. However, it is important to note, this could change

237 in the future should a trade dispute emerge between the Chinese and US Governments, but for now, and
238 U.S. agriculture is entering without issue.

239 In conclusion, Mr. Lantz provided an update on BCI's general MRL monitoring update. Since the August board
240 meeting BIC has reviewed over 120 international MRL announcements from 13 different markets. Of those, 32
241 included cranberry MRL's, some with multiple cranberry MRL proposals. More than 65 proposed cranberry MRL's
242 were reviewed, and 12 were deemed relevant, prompting notification to the MRL Subcommittee. After consulting
243 with Industry officials, five submissions were made pertaining to proposed cranberry MRL's where the MRL was
244 deemed potentially problematic. Additionally, general comments were made on issues such as China's Food Safety
245 Laws, and Cambodia's Draft Phytosanitary Law. And finally, Mr. Lantz announced he has been appointed, pending
246 security clearance, to the Fruit and Vegetable Agriculture Technical Advisory Committee (ATAC), where he will
247 represent the cranberry industry. At that time he thanked the Board for their support. His appointment to ATAC will
248 be for four years.

249

250 **MINUTES**

251 The August 8th and 9th, 2016 minutes were reviewed. **Ms. Nemitz moved to accept the August 8th and 9th, 2016**
252 **minutes as submitted. Seconded by Mr. Harju. Motion was carried unanimously.**

253

254 **FINANCIALS**

255 Mr. Rezendes reviewed and reported on the financials from September 1 through December 31, 2016, and the
256 annual Audit from Gosule, Butkus & Jesson, LLP. **Ms. Amundson motioned to approve the financial statements**
257 **and the audit by GBJ as submitted. Seconded, by Mr. Van Wychen. Motion was carried unanimously.**

258

259 **STAFF REPORT**

260 An update on Staff and Administrative Activities was reported by Michelle Hogan, CMC's Executive Director.
261 Ms. Hogan introduced the newest member of the Cranberry Marketing Committee office, Dotty Pipher,
262 Administrative Assistant.

263

264 Executive Director Hogan informed the Committee that the scheduled USDA Compliance and Internal Controls Audit
265 were performed in May, 2016. On January 27, 2017 she was informed of the recommendations from the USDA
266 Compliance Officer. All in all, there were very few recommendations but all had been implemented following the
267 completion of the audit last year. There were 11 handler audits performed by Gosule, Butkus, & Jesson, LLP which
268 met the mandated annual requirement of handler audits. Upon receipt of the all the completed audits she reported
269 there were "no findings" of any major discrepancies.

270

271 Ms. Hogan also reported that the CMC's request for a USDA Section 32 Commodity Purchase was approved on
272 January 19, 2017 for a value of \$10 million in cranberry product purchases for use in government programs such as
273 the National School Lunch Program and other Federal Food and Nutrition Assistance programs. These purchases will

274 result in 150,000 barrels of fruit being removed from inventory. In mid-March Executive Director Hogan plans to
 275 submit an additional request. If additional funds were to become available by the governments year end, we may
 276 be awarded additional purchases. Ms. Hogan took this opportunity to thank members of the Wisconsin State
 277 Cranberry Growers Association, the Cape Cod Cranberry Growers Association, the Cranberry Institute, and Ocean
 278 Spray Cranberries for their support as we continue to utilize this USDA program.

279
 280 In closing, Ms. Hogan reported on the various meetings, subcommittee meetings, and industry conference calls she has
 281 participated in over the past six months. Executive Director Hogan took this time to thank her staff, the many
 282 consultants, and industry members for their continuous efforts and support.

283
 284 **MARKETING POLICY**

285
 286 Parker Mauck lead the Committee review of the Q4 and Q1 Position Summary Reports for CY'2015 and CY'2016;
 287 graphs that were prepared by Marc McFetridge, USDA Economist, Parker Mauck and Michelle Hogan.

288
 289 The Committee completed the marketing policy with a total US production estimate of 9.0 million barrels and an
 290 estimated carry-over as of August 2017 of 10.66 million barrels.

291
 292
 293
 294

2017 CROP YEAR MARKETING POLICY

Domestic Production (Averaged)	Committee Forecast February 2017
	<i>Bbls</i>
Massachusetts	2,034,000
New Jersey	578,000
Wisconsin	5,900,000
Oregon	383,000
Washington	160,000
TOTALS	9,055,000
	<i>Bbls</i>
Carry-In as of 09/01/2016	10,001,000
Production & Acquired	
Estimated Domestic Production	9,055,000
Estimated Foreign Acquisitions	1,960,000
Total Production & Acquisitions	11,015,000
Available Supply	21,016,000

Estimated Shrinkage

2% of Carry-In	200,000
4% Est. of Production/Acquisitions	441,000
Shrinkage	641,000
Adjusted Supply	20,375,000
<hr/>	
Utilization	
Fresh Fruit	331,000
Processing Fruit	9,381,000
Total Sales/Usage	9,712,000
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Estimated Adjusted Carryover 08/31/17	10,664,000
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Inventory as a % of sales	110%
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296

DATA COLLECTION REVIEW SUBCOMMITTEE UPDATE

297 Steve Berlyn, Chair of the subcommittee gave the update from the Data Collection Review Subcommittee. A
298 conversion/methodology chart has been developed by subcommittee members and is included in the board book.
299 The subcommittee will continue to work on how to improve the data collection methodology. Additional discussions
300 are set to determine if further improvements on the current data collected by the CMC is necessary. At the August
301 2017 meeting, the subcommittee expects to have a recommendation on whether or not to expand the data
302 requested on the handler reports.

303 **Chairman Rezendes called to adjourn the meeting at 4:32 pm. After a 10 minute break, the Chair requested the**
304 **Executive Committee return, and move into Executive Session.**

305

306 **FRIDAY, FEBRUARY 17, 2017**

307

308 Chair Rezendes called the meeting to order, Friday, February 17, 2017 at 8:15 a.m. Chairman Rezendes requested
309 the Executive and Financial Assistant to call the roll; Chair Rezendes stated that Ron Puhl was to remain seated in the
310 District 4, Independent seat for the absent George Bussmann. The Executive and Financial assistant reported a
311 quorum was present.

312

<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	P	George Rogers	P
Parker Mauck	P	Jim Rezendes	P	Dawn Gates-Allen	P
Stephen Lee	P			Joe Darlington	P
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	A
George Bussmann	A	Ron Puhl	P
D. Steven White, Ph. D	P	Vacant (public member)	A

313

314 Chairman Rezendes updated the committee and audience of the Items discussed during the Executive Session. They
 315 were as follows:

- 316 • Discussions included the authorization to move forward with the equivalency study with a budget of \$30k.
- 317 • The CMC February meeting in 2018 will be held on Monday and Tuesday, February 12, and 13.
- 318 • Applications for the public member seat were reviewed and Thomas O’Guinn was selected as the Public
 319 Member. Dr. Steve White will be seated as the Alternate Public Member for the current term.

320

321 **APCQ UPDATE AND VOLUME REGULATION DISCUSSION**

322 Kevin Connolly from the APCQ gave an update on the Quebec cranberry industry. Marketing Policy In 2016
 323 Quebec’s total acreage of 9,502, up 225 acres from the year prior, and a total production of 275,893,685
 324 pounds. The organic acreage was 1,761, up 402 acres over the prior year, and produced 40.44 million pounds of
 325 organic cranberries, up significantly from prior year figures. For the first time, Quebec began a generic
 326 countrywide joint promotion of cranberries.

327 Following Mr. Connolly’s presentation and a lengthy discussion on volume regulation, Chairman Rezendes asked if
 328 there were any volume regulation recommendations. Hearing none, the meeting continued with the next order of
 329 business.

330

331 **FORMAL AND INFORMAL RULEMAKING UPDATE**

332

333 Executive Director Hogan gave an update on the Formal through Informal §929 rule change request that began
 334 roughly 1 ½ years ago. This rule proposed an amendment to the Cranberry Marketing Order which would
 335 authorize the Committee to receive and expend voluntary contributions from domestic sources. Contributed funds
 336 would be used solely for research and development activities authorized under the order and would be free from
 337 any encumbrances as to their usage by the donor. The referendum was conducted from January 23 through
 338 February 13, 2017. Ms. Hogan expects to have notification of the results within the next month or two. Feedback
 339 received by several committee members suggested that the difficulty in deciphering the referendum resulted in a no
 340 vote from many growers. This suggestion sparked a discussion by the committee to put as a standard practice for all
 341 future referendums; not only a notification prior to the ballot being distributed, but also a summary of the ballot
 342 request in layman’s terms.

343

344

345

346 **NEW/OLD BUSINESS**

347

348 Terry Humfeld, the Cranberry Institute's Executive Director, provided an update to the Committee on projects
349 currently being funded by the CMC. These projects included:

- 350 • The SAB (Scientific Advisory Board) met on November 14, 2016 via conference call. Prior to the meeting
351 SAB members were asked to review recently published research and prepare a brief presentation detailing
352 their perspective of where the CI/CMC research program should be focused, in anticipation of availability in
353 funding increases. Through this exercise it was determined the focus should continue through studies that are
354 designed to assess the effects of cranberry consumption on health outcomes via interaction with the gut
355 microbiome. Meetings with the SAB, CI Health Advisory Committee and the Funding stakeholders will be
356 held prior to the CI Board meetings in March where they will be evaluated.
- 357 • An update on the FDA Nutrition Fact Panel Education Plan – Phase 1 by Mr Humfeld was followed up by
358 Louise Pollock of Pollock Communications, originator of the FDA label response plan. Educational tools in the
359 form of fact sheets and handouts were shared with registered dieticians to use and engage in the
360 conversation with consumers about cranberries added sugars. They also partnered with the International
361 Food Information Council, a Health Advocacy Organization, which wrote the fact sheet for "Making Sense of
362 Sugars".
- 363 • The status of current health projects was reviewed.

364 **Ms. Nemitz motioned to fund the Cranberry Institute \$29K for the "Exclusive Media RD Networking Event" at**
365 **FNCE as presented. Seconded, by Mr. Mauck. Motion was carried unanimously.**

366

367 Executive Director Hogan introduced Dr. Sexton's proposal for the Fair Evaluation Study. The proposal is requesting
368 \$34K to outline a plan to evaluate the domestic and international promotional programs of the CMC. Dr. Sexton
369 will conduct a review and provide an evaluation of the CMC's domestic cranberry promotion activities and a
370 quantitative econometric analysis of the impacts of the CMC's domestic and international programs. The final report
371 will be provided at the CMC's August meeting and will fulfill the CMC's obligation to provide an independent
372 economic analysis of its promotional activities in compliance with the Federal Agricultural Improvement and Reform
373 Act (FAIR) of 1996.

374

375 **Ms. Amundson motioned to approve moving forward with the Fair Evaluation spend for \$34K. Seconded, by**
376 **Mr. Harju. Motion was carried unanimously.**

377

378 An additional proposal by Dr. Sexton on an Analysis of Impacts from a higher CMC Assessment Rate was discussed.
379 The results from the study will provide input to that an assessment increase, allocated to fund additional domestic
380 and international marketing activities or fund additional health research projects, would yield a benefit by

381 increasing sales. A written report describing the study, the results of the analysis and the conclusion drawn will be
 382 presented to the Committee at the August meeting in Washington. After discussion, Chairman Rezendes asked the
 383 CMC's USDA Marketing Specialist, Doris Jamison, if this proposal would be required to raise the assessment rate.
 384 The USDA Marketing Specialist replied No, the CMC has the authority to raise the assessment rate without an
 385 evaluation.

386
 387 Mr. Lee motioned to accept \$15K for the proposal and analysis of the impact of a higher assessment rate.
 388 Seconded, by Ms. Mollor. After hearing a roll call, the motion passed with a vote of 10 for, 3 against, 1 abstained.
 389 The balloting was as follows:

Yes	No	Abstain
Mr. Bartling	Ms. Amundson	Dr. White
Mr. Puhl	Mr. Glenn	
Mr. Ells	Mr. Van Wychen	
Mr. Gerber		
Mr. Harju		
Mr. Lee		
Mr. Mauck		
Ms. Mollor		
Ms. Nemitz		
Mr. Rezendes		
10	3	1

390
 391 Discussions began regarding a possible assessment rate increase. This formality would begin the process at the
 392 USDA. This motion would be to approve the 17/18 budget with the current assessment rate, then after all analysis
 393 results are received in the summer of 2017, the Committee could then revisit the assessment rate issue and determine
 394 if an increase would be beneficial to the industry as a whole. The CMC's Marketing Specialist, Doris Jamieson told
 395 the committee after hearing discussions and the probability of the issue, she has already begun preparing for
 396 rulemaking so upon a Committee approval to move forward she would only need to submit the justification to the
 397 rulemaking department.

398
 399 **BUDGET**

400 Chairman Rezendes reviewed the amended the FY 2016/2017 February 2017 Proposed Budget as recommended
 401 by the Executive Committee and noted the special projects line modifications for the approved projects of the
 402 Cranberry Institute, the 2 analyses by Dr Sexton, and the Equivalency test, but stated that bottom deficit/surplus
 403 numbers did not change.

404

405 Ms. Amundson motioned to approve of up to a maximum of \$20K for Weber Shandwick to hire a lawyer to
406 back up EU duty suspension. Seconded, by Mr. Harju. Motion was carried unanimously.

407

408 Ms. Amundson motioned to fund an additional \$12K for Pollock Communications to include India in the
409 Scientific Activation Plan and an additional \$54K to round up/fully fund the promotion program in India.
410 Seconded, by Ms. Nemitz. Motion was carried unanimously.

411

412 Ms. Amundson motioned to amend the FY2016/2017 budget, as presented on screen. Seconded, by Mr.
413 Bartling. Motion was carried unanimously.

414

415 Mr. Harju motioned to approve the FY2016/2017 amended budget as presented with a \$0.28 assessment rate.
416 Seconded, by Mr. White. After a brief discussion, the motion carried unanimously.

417

418 The approved FY'2017/2018 Budget is as follows:

<i>Items</i>	<i>FY17/18 February Approved Budget</i>
INCOME	
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	\$ 170,000
QSP Funding	\$ 36,000
EMP Funding	\$ 48,500
GBI Funding	\$ 196,000
Reserve Funds: Restricted	\$ 1,000,000
Reserve funds: Unrestricted	\$ 450,000
INCOME	\$ 6,504,084
<u>OPERATING EXPENSES-ADMINISTRATIVE</u>	
Salaries	
Total Salaries	\$ 306,035
Benefits & Payroll Taxes	
Employee Benefits	\$ 63,000
Payroll Taxes-FICA	\$ 18,975
Payroll Taxes-Medicare	\$ 4,440
Pension Plan	\$ 20,000
TOTAL BENEFITS & TAXES EXPENSES	\$ 106,415
Meeting & Travel Expenses	
Staff Expenses	\$ 20,000
Committee & Meeting Expenses	\$ 150,000

Subcommittee Expense	\$	10,000
Field Staff Expenses	\$	5,000
TOTAL MEETING & TRAVEL EXPENSES	\$	185,000

Administrative Expenses

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	\$	18,300
Payroll Services	\$	4,500
Admin Contractual/Compliance/Other	\$	37,500
TOTAL ADMINISTRATIVE EXPENSES	\$	1,203,200
TOTAL OPERATING EXPENSES	\$	1,800,650

PROGRAMS

INTERNATIONAL PROMOTION PROGRAM

CMC Assessments Appropriation	\$	700,000
CMC Staff International Travel	\$	20,000
MAP Generic	\$	1,504,498
FMD	\$	157,686
EMP	\$	48,500
GBI	\$	196,000
QSP	\$	36,000
TASC	\$	170,000
Sub-Total	\$	2,864,735
Branded Program	\$	400,000
Sub-Total	\$	3,267,735

CONTRACTOR

BCI Retainer Fee (G, F & EU Region)	\$	174,000
BCI: Misc. Expenses (Travel & Communications)	\$	30,000
Sub-Total	\$	204,000

TRADE POLICY PROGRAM

BCI Trade Policy Retainer Fee	\$	152,000
Travel & Communications	\$	25,000
Data Packaging	\$	50,000
Contractual Services	\$	25,000
Sub-Total	\$	252,000

Total International Program \$ **3,720,735**

DOMESTIC PROMOTION PROGRAM

Domestic Promotion/Partnerships	\$	532,500
Website Maintenance	\$	15,000
Collateral Material	\$	10,000
Total Domestic Promotion	\$	557,500

TOTAL PROMOTION & TRADE PROGRAMS \$ **4,268,235**

PROJECTS		
Scientific Advisory Board (SAB)	\$	17,000
Special Projects	\$	177,843
Special Projects/Clinical	\$	475,000
Grower Database Program (Website)	\$	40,000
TOTAL PROJECTS	\$	576,479
TOTAL PROGRAMS & PROJECTS	\$	4,822,663
TOTAL OPERATING/PROGRAMS/PROJECTS	\$	6,623,313
Deficit/Surplus	\$	(119,130)

419

420 Chairman Rezendes notified the Committee that due to poor participation in the Domestic and International Sub
421 committees he has decided to move in a new direction and has charged the CMC Staff to work with BCI and Pollock
422 Communications, and handlers directly to obtain information they feel would help the industry promote and sell
423 cranberries. The Chairman expects that collectively they can provide solid recommendations that would help lead to
424 better cranberry sales. The idea is to have the CMC's Executive Director report back to the Executive committee, then
425 to the full committee for deliberations on how to proceed with the promotional programs in 2018 using these
426 recommendations. Chairman Rezendes concluded by thanking the several subcommittee members and Chairpersons
427 for the time and hard work they've given over the last several years.

428

429 **Mr. Van Wychen motioned to appropriate \$101K for the Fresh Fruit program from budget line item special**
430 **projects. Seconded, by Ms. Amundson. Motion carried unanimously.**

431

432 **OTHER BUSINESS**

433

434 The CMC Summer meeting will be held in Long Beach, WA on August 3rd and 4th. The Washington growers' field
435 day will be held at the Pacific Coast Cranberry Research Station on August 2nd and Committee and Industry
436 members are welcome to attend.

437

438 The CMC Winter meeting in 2018 will to be held on February 12th and 13th. Location TBD.

439

440 Hearing no additional business to come before the Committee, **Mr. Bartling moved to adjourn the meeting.**
441 **Seconded, by Mr. Jensen. Motion carried unanimously.**

442

443 *Meeting adjourned at 11:42 a.m.*

444

445 Respectfully submitted,

446

447 Judy Mears

448 Recording Secretary