



**FEBRUARY 2020 MEETING MINUTES  
RENAISSANCE ORLANDO AIRPORT HOTEL, ORLANDO, FL  
FEBRUARY 6 & 7, 2020**

**THURSDAY, FEBRUARY 6, 2020**

The CMC's 2020 Winter Meeting was called to order by Vice-Chair Mr. Parker Mauck on Thursday, February 6, 2020 at 8:08 a.m., at the Renaissance Orlando Airport Hotel in Orlando, Florida. Mr. Mauck began by introducing Mr. Christopher O'Connor as the At-Large Alternate for the major cooperative. Roll call was conducted and alternates were seated for absent voting members as follows: Ms. Adrienne Mollor for Mr. George Rogers, Ms. Jill Amundson for Mr. David Bartling, Mr. Joe Darlington for Mr. Martin Potter, Mr. Nick Puhl for Mr. Ron Puhl, and Mr. Jack Stein for Mr. Kevin Hatton.

<u>Member</u>	<u>P/A</u>	<u>Member</u>	<u>P/A</u>	<u>Alternate</u>	<u>P/A</u>
Larry Harju	P	<i>George Rogers</i>	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
<i>Martin Potter</i>	A	<i>David Bartling</i>	A	Jill Amundson	P
<i>Kevin Hatton</i>	A			Jack Stein	P
Doug Rifleman	P			Christopher O'Connor	P
<i>Ron Puhl</i>	A			Nick Puhl	P
Steve White	P			Tom O'Guinn	P

**USDA**

Mr. Mauck introduced members of USDA in attendance including: Ms. Jen Varela - Senior Marketing Specialist, Southeast Marketing Field Office (SEMFO); Mr. Chris Nissen - Regional Director, Southeast Marketing Field Office (SEMFO); Mr. Tom Nalepa - Marketing Specialist (SEMFO); Ms. Nancy Hubbell - Director Horticultural Crops Foreign Ag Service (FAS) Global Programs; Ms. Abby Campos - Marketing Specialist (SEMFO); and Mr. Stephen Kauffman - Marketing Specialist (SEMFO). Ms. Varela briefed the Committee on antitrust laws.

30 **AGENDA UPDATES**

31 The Health Research Update and Scientific Activation plan were removed from the agenda because the  
32 clinical study has not yet been published. When publication occurs, the Committee will be updated via an  
33 open conference call.

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36 **APCQ UPDATE**

37 Mr. Vincent Godin, Quebec Cranberry Growers Association (APCQ) president, presented an update on  
38 the Quebec cranberry industry including:

- 39 • 10,145 acres were harvested in 2019 (6,201 conventional; 3,944 organic).
- 40 • 10,503 acres are projected for 2020 (6,335 conventional; 4,168 organic).
- 41 • Quebec harvested 2,558,094 bbls in 2019 (1,832,845 conventional; 725,249 organic).
- 42 • APCQ conducted social media activities to raise awareness of the benefits of consuming  
43 cranberries; partnered with 4 chefs to created 24 recipes; created a video on good production  
44 practices; and celebrated its 25<sup>th</sup> Anniversary.
- 45 • Summer Field Day will be July 30, 2020 in Sainte-S raphine, Quebec.

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48 **MARKETING POLICY**

49 Mr. Mauck led the Committee’s review of CY2019 Q1 numbers. Items of discussion included:

- 50 • 2019 carry-in is down 14% from the year before.
- 51 • 2019 production is down 13%, with Wisconsin showing a significant decline.
- 52 • Foreign acquisitions are down 34%, largely due to a decline in the BC crop.
- 53 • Domestic sales are up 6%.
- 54 • Foreign sales are down 13%.
- 55 • Shrinkage is showing as a negative number, but a major handler will be making an adjustment and  
56 that figure will be more in line with “normal” figures by the end of CY2019.
- 57 • Ending inventory is down 17%.

58

59 There was significant discussion on ending inventory numbers and how does the industry know what those  
60 numbers should be? How does the industry know if it is in good shape or not? It was suggested that the  
61 Committee include a trailing 12-month view of data to show a more accurate picture, since a quarterly

62 snapshot appears too narrow. It was also suggested that the Committee look at more trends and list out  
63 pipeline needs for fresh, processed and concentrate products respectively. It was noted that the Committee  
64 struggles with knowing what the “right” number is for concentrate specifically without knowing how  
65 much handlers are selling or how much they need for the rest of the year. *The Data Collection*  
66 *Subcommittee will look at these issues and present options in August.*

67  
68 The acreage estimates presented were given by Ocean Spray using a Google Earth-type analysis because  
69 NASS figures aren’t available for the Committee’s February meeting. Total acreage is estimated to be  
70 42,200 with slight increases in all regions except New Jersey. This number is important when looking at  
71 yield figures. The average U.S. yield for 2019 is just under 180 bbls/acre.

72  
73 The Committee completed the CY2020 Marketing Policy resulting in a total U.S. production estimate of  
74 8,635,000 bbls.

75  
76 **2020 COMMITTEE CROP ESTIMATE**

	<i>1,000 Barrels</i>
Massachusetts	2,079
New Jersey	495
Wisconsin	5,386
Oregon	530
Washington	145
<b>Total 2020 Crop Estimate</b>	<b>8,635</b>

77  
78 It was requested that a column tracking Chinese production be added to the non-U.S. production slide. It  
79 was also requested that the missing British Columbia acreage figures from 2016-2018 be filled in.

80  
81 There was some discussion on if the industry would ever consider a regulation on just concentrate. Ms.  
82 Varela said that would not likely get through USDA because any regulatory action has to impact all  
83 handlers proportionally; it would be hard to justify an action that doesn’t affect every handler.  
84 Additionally, two handlers in the room indicated they are very strongly against this concept.

85  
86 *Ms. Nemitz made a motion to accept the marketing policy as presented; Mr. Harju seconded; Motion*  
87 *carried unanimously.*

**CROP YEAR 2020 MARKETING POLICY**

<b>Estimated Carry-In (9/1/2020)</b>	4,549
<i>Production &amp; Acquired</i>	
Estimated Domestic Production	8,635
Estimated Foreign Acquired	1,504
Total Production & Acquisitions	10,138
<b>Available Supply</b>	<b>14,687</b>
<i>Estimated Shrinkage</i>	
2% of Carry-in	91
4% Estimated Production/Acquisitions	406
Estimated Shrinkage	350
<b>Adjusted Supply</b>	<b>14,337</b>
<i>Sales &amp; Usage</i>	
Fresh Fruit Sales	328
Processing Fruit Usage	9,855
<b>Total Sales/Usage</b>	<b>10,183</b>
<b>Estimated Adjusted Carry-Over</b>	<b>4,155</b>
<b>Inventory as a % of utilization</b>	<b>39%</b>
<b>Marketable Quantity</b>	<b>14,337</b>

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**91 GOVERNMENT PURCHASES**

92 In the fall, Executive Director Ms. Michelle Hogan was made aware that the current Administration had  
93 earmarked approximately \$80 million for cranberry purchases in 2020. With the short crop harvested in  
94 2019, there was concern over whether handlers would have enough product to supply the government  
95 purchase requests. A call was arranged in December with several U.S. Cranberry handlers and USDA  
96 economist Mr. Marc McFetridge to discuss product options, specifically concentrate and juice, which  
97 could be available to fill upcoming requests. Ms. Hogan noted that the last thing the industry wants is for  
98 the government to put out solicitations and for industry not to respond. It is important for the industry to  
99 maintain a dual working relationship with the USDA. Mr. McFetridge stated that he had made an initial  
100 request for \$25 million in concentrate purchases. However, commodity procurement came back and said  
101 that \$10 million could be in concentrate, but the other \$15 million has to be in SDCs or sauce. All of the  
102 spending has to be approved by September 30, 2020. *A subcommittee was formed to work on this issue*  
103 *further including communicating with the USDA on what products are available and working toward*  
104 *updating the government's product specification list.*

105

106

107 **MRL UPDATE**

108 Mr. Matt Lantz and Ms. Alinne Oliveira of Bryant Christie, Inc., provided an update on MRL issues facing  
109 the industry. Because of an election in the European Union, there wasn't a lot of regulatory action in the  
110 last six months. However, some important things to note include:

- 111 • **Bravo** withdrawal proposal has not taken place yet. The likely case scenario is a March 2021  
112 withdrawal.
- 113 • **Lorsban** notification of nonrenewal occurred in October 2019 and an MRL withdrawal proposal  
114 occurred in December. This chemical is being fast tracked and a withdrawal will likely take place  
115 in June 2020.
- 116 • **Manzate** is under committee discussion and being proposed as a toxic classification. BCI will  
117 continue to monitor this item as it goes through channels over the next few years, but it is likely  
118 that the MRL will eventually be withdrawn.
- 119 • It is important to note that when an MRL is withdrawn in the EU, product with the chemical cannot  
120 enter AS OF THAT DATE. This is different from the prior process of product from the existing  
121 crop year being grandfathered in. Product that has not cleared customs is considered to not have  
122 entered the country yet.

123

124 Mr. Lantz noted that the EU MRL issue is the fastest growing trade barrier in the world and this case will  
125 likely end up at the World Trade Organization. In the fall, the U.S. Trade Representative's office asked  
126 the U.S. International Trade Commission to conduct a study on MRLs. BCI worked with the Cranberry  
127 Institute to put together a submission on the importance of MRLs and how the cranberry industry has been  
128 handling it. A second submission regarding MRLs and economic impacts will be made in June.

129

130 In total in Korea, 24 cranberry MRLs have been established, proposed or at accepted at default level.  
131 Almost all of the chemicals the industry supports are completed. Korea overhauled its system last January  
132 and the industry had no problems because temporary MRLs were in place. Now BCI is working with  
133 registrants to request submissions be made to get those temporary MRLs turned over to permanent MRLs  
134 within the three-year window.

135 In China, 10 new MRLs were established since August (33 total), either harmonized with Codex or at  
136 levels less restrictive than the U.S. levels. In Australia, the cranberry industry has established 48 MRLs  
137 over the last 10 years.

138

139 **TRADE POLICY**

140 Mr. Lantz and Mr. Adam Hollowell provided an update on trade policy issues facing the cranberry  
141 industry. Highlights include:

- 142 • EU concentrate duty suspension renewed through 2025; SDC and frozen duty suspensions were  
143 renewed last year through 2024.
- 144 • A proposed 25% tariff increase on SDCs could go into place June 1, 2021 if the U.S. steel and  
145 aluminum tariffs remain in place, or sooner if the WTO ruling comes through.
- 146 • EU tariffs on fresh and frozen cranberries may increase this summer based on the outcome of the  
147 Airbus-Boeing WTO arbitration.
- 148 • The Phase One China deal signed in January included \$32 billion in agricultural purchases. The  
149 list of products in the agreement include fresh, frozen, dried cranberries and cranberry concentrate,  
150 though specific dollar amounts were not attached to specific products.
- 151 • On February 14, Chinese tariffs will be reduced slightly bringing the new total tariffs to: SDC  
152 45%, concentrate 17.5%, frozen 75%, juice 30%, and fresh 60%.
- 153 • On January 1, SDC and fresh tariffs in Japan were eliminated. There will be annual reductions and  
154 eventual elimination of concentrate and other dried over the next three years.

155

156

157 **INTERNATIONAL PROGRAM**

158 Updates and recommendations for the International Promotion Program were given by Sarah Gelpi, David  
159 McCaleb, and Daria Mikhalchenko of Bryant Christie, Inc. Included in the presentation were highlights  
160 and activities for each of the target markets, results of the individual programs, key initiatives, results of  
161 handler interviews and the proposed budgets for CY2020. Accomplishments included:

- 162 • CMC activity in China supported growth in cranberry awareness from 55% in 2018 to 67% in  
163 2019.
- 164 • Exports to India increased by 46% from 2017/18, reinforced by CMC's market development work.
- 165 • CMC gained \$3.2 million in additional grant program funds for ATP and EMP activities, boosting  
166 CMC's available international program budget for the next several years.
- 167 • CMC solicited industry feedback on the 2020 international plan via formal handler calls in January.

168

169 *China*

170 The 2019 calendar year started off with challenges in the Chinese market due to NGO compliance. By  
171 year's end, the industry was seeing some success particularly in the area of cranberry awareness and  
172 penetration beyond Tier-1 cities. In 2020, the industry faces uncertainty again with the impact of the  
173 Coronavirus. Fortunately the CMC's program is flexible enough that activities can be back-loaded like  
174 was done in 2019. 2019 program results included:

- 175 • 26% increase in cranberry product introductions between 2018 and 2019.
- 176 • Media coverage resulted in an estimated ad value of \$3.5 million.
- 177 • Online promotions generated 180+ million impressions; 28 million cranberry video and content  
178 views; engagement rate of 7% on CMC accounts.
- 179 • Retail sales increased on average by 58% during promotions.
- 180 • 47 trade leads distributed.
- 181 • Brochures and information distributed to 14,000+ trade across 11 trade shows.
- 182 • More than 1,000 health professionals reached through MAP- and GBI-funded seminars.
- 183 • 3,747 cranberry menu items and 58,253 cranberry products sold resulting from promotional  
184 activity.

185

186 Based on feedback from the handler calls, BCI adjusted the 2020 Chinese program to include:

- 187 • Focus more on consumer public relations than trade promotion.
- 188 • Prioritize development of the beverage sector.
- 189 • Work with nutrition associations to promote health benefits.
- 190 • Highlight U.S. cranberries through social media platforms beyond WeChat and Weibo (i.e.  
191 TikTok, Douban, Bilibili, etc.).
- 192 • Further penetrate second- and third-tier cities through increased promotional activity.

193

194 *India*

- 195 • Increased exports to India by 356% over the past five years and 46% from 2017/18 to 2018/19.
- 196 • Published more than 770 articles, generating an estimated media ad value of \$1.3 million.
- 197 • Gained 59,752 new followers across CMC India's Instagram, Facebook, and Twitter accounts.
- 198 • Partnered with 45 social media influencers with a combined audience of more than 1.5 million  
199 followers to generate 4.8 million impressions.



- 200 • Hosted a U.S. Cranberry Ice Cream Carnival with Gianni’s, eMoi, and Kulfiano. More than 7,500  
201 visitors attended, ~3,000 cranberry ice creams were sold, and the carnival was extended because  
202 of its popularity.
- 203 • 19 trade leads were generated at three trade shows.
- 204 • Retail promotions with Walmart and Metro Cash & Carry resulted in 218% and 160% sales  
205 increases, respectively.
- 206

207 In 2019, CMC conducted a comprehensive RFP process to identify a new in-country representative. The  
208 new company, SS Associates, began work in January and provided input for the 2020 plan. Additionally,  
209 based on feedback from the handler calls, BCI adjusted the 2020 Indian program to include:

- 210 • Focus more effort and funding towards print newspaper and consumer advertising campaigns.
- 211 • Increase retail and point-of-sale promotions across major metropolitan locations.
- 212 • Focus on conducting promotions with major online retailers as e-commerce and online shopping  
213 grows in popularity.
- 214 • Expand major promotional efforts past Delhi and Mumbai to include Chennai, Hyderabad,  
215 Kolkata, and Bangalore.
- 216
- 217

## 218 **ASSESSMENT SUBCOMMITTEE**

219 Mr. Steve Berlyn reported on the Assessment Subcommittee conference call. Several things would need  
220 to be determined such as would the assessment increase be one time, multi-year, or permanent? It was  
221 noted that if the industry wants an increase, it is best to get out ahead of it to give time for the rule to go  
222 through the USDA rulemaking process. Mr. Berlyn stressed the importance of being focused and being  
223 clear about what the Committee would do with the extra money, what is the ROI, etc. Ms. Varela indicated  
224 that if the industry wanted a rate increase other than one that is permanent and straightforward, extra  
225 justification would be needed. Once the subcommittee sees the presentation from the Almond Board of  
226 California, they will reconvene and go into the August Committee meeting with suggestions.

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228

## 229 **CRANBERRY INSTITUTE UPDATE**

230 Mr. Bill Frantz introduced himself to the Committee as the new executive director of the Cranberry  
231 Institute. He had previously worked in the cranberry industry for more than 30 years before working at



232 Land O'Lakes the past two. He gave an overview of the CI's priorities and mission, which is to, "Improve  
233 the short and long term viability of the cranberry industry through research and communication." The CI  
234 focuses on health benefit and production research, pesticide and regulatory interface, health care provider  
235 (RD) education, and public affairs. The CI will be going through a strategic planning process in March,  
236 and Mr. Frantz looks forward to working closely with the CMC.

237

238

### 239 **ASSOCIATION UPDATES**

240 Mr. Brian Wick of the Cape Cod Cranberry Growers Association, Mr. Steve Lee of American Cranberry  
241 Growers Association, and Mr. Nick Puhl of the Oregon Cranberry Growers Association reported on  
242 activities happening in their respective regions.

243

244

### 245 **CRANBERRY PRODUCTION IN CHINA**

246 Ms. Gelpi reported on cranberry production in China. In November, she met with the handler agents and  
247 the distributor of the fresh cranberry producer. Last season produced 700 acres, 450 tons; and sold about  
248 2/3 of it. Sales dropped off when the Chilean cherry season began. The goal is to triple harvest every year.  
249 There is a manufacturer with SDC experience who will support them in developing that process over the  
250 next 5-10 years. They think the U.S. industry should be cooperative because it doesn't currently have fresh  
251 access to China. Once the Chinese producer reaches 10,000 tons they will take a look at exports. Right  
252 now the focus is just China. The Chinese government is putting money behind this endeavor, marketing  
253 it as a tourist attraction.

254

255

### 256 **RFP POLICY & PROCEDURES**

257 Ms. Hogan presented a new policy establishing a RFP process for evaluating CMC's consultants and  
258 vendors every four years. The original proposal suggested that all RFPs would be conducted immediately  
259 following a continuance referendum. However, Ms. Amundson noted the importance of spreading out the  
260 RFPs over the course of several years so as not to overburden staff or Committee members by conducting  
261 them all at once. *Mr. Rezendes made a motion to accept the RFP policy as amended; Ms. Amundson*  
262 *seconded; Motion carried unanimously.*

263

264 CMC Policy Statement: 2020-01

265  
266 Title: RFP Policy and Procedures

267

268 ***Purpose***

269 This policy establishes guidelines for the Cranberry Marketing Committee’s Request for Proposal (RFP)  
270 process for consultants and vendors. This RFP policy will help ensure that projects are managed  
271 efficiently, and completed on time and within a budget approved by the Cranberry Marketing Committee.

272

273 ***Background and Authority***

274 As authorized by Part 929, Chapter IX, Title 7, Code of Federal Regulations, referred to as the Federal  
275 Cranberry Marketing Order (CMO), which is part of the Agricultural Marketing Agreement Act of 1937,  
276 as amended, the CMC is charged with various powers and duties aimed at ensuring a stable, orderly supply  
277 of cranberries in domestic and international markets. Furthermore, the CMC is charged with establishing  
278 rules and regulations as necessary for the implementation and operation of production research, marketing  
279 research, and market development projects, including paid advertising, designed to assist, improve, or  
280 promote the marketing, distribution, consumption, or efficient production of cranberries.

281

282 ***Policy Statement***

283 It shall be the policy of the Cranberry Marketing Committee that every four (4) years, at a minimum, an  
284 RFP process will be initiated to ensure the retention of the highest quality consultants and vendors who  
285 implement programs as recommended by the Committee. This process will be required for all  
286 vendors/consultants who exceed \$50,000 in annual retainer fees from the CMC.

287

288 *The Committee reserves the right to override this policy if it deems the RFP process is warranted sooner*  
289 *than on a four-year cycle.*

290

291

292 **DOMESTIC PROMOTIONS**

293 Ms. Karen Cahill presented updates on domestic marketing and communication initiatives since the  
294 August board meeting.

295 • The industry received a variety of press coverage during harvest season including in major  
296 publications like National Geographic and Reader’s Digest. The Committee maintains a good  
297 relationship with industry publications such as The Packer and Produce Business.

298 • Staff participated in the USDA Farmer’s Market in October, conducting live cooking  
299 demonstrations and providing 400 fresh cranberry salsa samples, as well as recipe cards and  
300 brochures.

301 • The CMC co-sponsored participation in the Plymouth Thanksgiving Day Parade, which had  
302 100,000 attendees. Along the parade route, 2,500 SDC samples were handed out.

303 • In October, staff hosted a bog tour for several members of USDA commodity procurement staff  
304 as well as the BCI consulting staff.

- 305 • Ms. Cahill noted that the RDA for Vitamin C has recently changed and that impacts what can be  
306 said about certain cranberry products while adhering to government speech regulations. A  
307 comprehensive list of nutrient content claims was presented.
- 308 • Ms. Cahill noted that the majority of the 2019-2020 domestic partnerships that were approved at  
309 the February 2019 Committee meeting don't begin until this spring and summer 2020.

310  
311

## 312 MINUTES

313 Ms. Hogan presented the meeting minutes from the Committee's August 2019 meeting. *Mr. Lee made a*  
314 *motion to accept the meeting minutes as presented; Mr. Rezendes seconded; Motion carried*  
315 *unanimously.*

316

317

## 318 STAFF REPORT

319 Ms. Hogan noted that many of the topics in her staff report had already been covered by other presenters.  
320 Other topics of note included:

- 321 • Since last May, 13 handler audits were conducted and there were no findings for the 11 that have  
322 been completed. The last two should be completed within the next month.
- 323 • CMC is in the fourth year of the CMC's strategic plan and should start talking about the next FAIR  
324 Evaluation and a new strategic plan. The cost for hiring an economist is between \$30,000 - 40,000,  
325 and the person that did the last evaluation is now retired.
- 326 • This is an election year and the current term ends on July 31. Independents will nominate growers  
327 in their respective regions in April, balloting is done in May, and USDA will receive all selections  
328 in June. The USDA recently declared that multiple family members cannot serve as voting  
329 members on the same board, however a special circumstance may be submitted to USDA for  
330 further consideration.
- 331 • The staff moved offices following the August meeting and went through 100-150 boxes of records.  
332 The next goal is to digitize records.
- 333 • An A133 audit was just completed; USDA Compliance and Internal Controls Audit is scheduled  
334 for the first week in May.

335

336 *Ms. Nemitz made a motion to enter executive session; Mr. Lee seconded; Motion carried unanimously.*

**FRIDAY, FEBRUARY 7, 2020**

337  
338  
339 Vice-Chair Mauck called the meeting to order at 8:35 a.m. Roll call was conducted and alternates were  
340 seated for absent voting members as follows: Ms. Adrienne Mollor for Mr. George Rogers, Ms. Jill  
341 Amundson for Mr. David Bartling, Mr. Joe Darlington for Mr. Martin Potter, Mr. Nick Puhl for Mr. Ron  
342 Puhl, and Mr. Jack Stein for Mr. Kevin Hatton.

<u>Member</u>	<u>P/A</u>	<u>Member</u>	<u>P/A</u>	<u>Alternate</u>	<u>P/A</u>
Larry Harju	P	<i>George Rogers</i>	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
<i>Martin Potter</i>	A	<i>David Bartling</i>	A	Jill Amundson	P
<i>Kevin Hatton</i>	A			Jack Stein	P
Doug Rifleman	P			Christopher O'Connor	P
<i>Ron Puhl</i>	A			Nick Puhl	P
Steve White	P			Tom O'Guinn	P

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345

346 **ALMOND BOARD PRESENTATION**

347 Mr. Richard Waycott, president & CEO of the Almond Board of California, presented to the Committee  
348 on the state of the U.S. almond industry specifically the efficacy of a recent “sunset” assessment increase.  
349 The almond industry farms 1.5 million acres across 500 miles in the Central Valley of California. ABC  
350 has 7,600 growers, 102 handlers and produced 2.5 billion pounds in 2019. Mr. Waycott noted that one of  
351 the major differences between the almond industry and other industries is the close proximity of its  
352 members, which is an easy environment in which to establish a marketing order.

353

354 The Almond Board has 10 members and 55 employees. The board is made of up five growers and five  
355 handlers all with equal voting rights. The board has four seats reserved for co-op members, four for  
356 independent, and two swing seats for whomever has 50% of the volume.

357

358 ABC tracks both bearing acreage and non-bearing acreage by using NASS information, satellite imagery  
359 and driving around to inspect in person. They have 90%+ accuracy with this method. ABC is forecasting  
360 180 million pounds of growth per year over the next five years, but that may be impacted by water  
361 regulations.

362

363 ABC has invested more than \$602 million in the past 20 years on demand-building activities. Almonds  
364 went from being positioned as an ingredient in other products in the 1990s to an ingredient *and* a healthy  
365 snack/lifestyle choice today. This was achieved by:

- 366 • Creating value for the product via human nutrition research (over 200 published papers since  
367 1990)
- 368 • Getting noticed through outreach to health professionals
- 369 • Gaining respect by publicity in major media outlets
- 370 • Changing the game by evolving positioning and messaging
- 371 • Raising the bar on industry expectations

372  
373 In global marketing, ABC looks at exploratory, emerging and established markets and tries to maintain a  
374 balance between the three. ABC has different strategies for different global markets.

375

376 Mr. Waycott noted the importance of measuring success and how that can be difficult for commodity  
377 boards. ABC uses per capita consumption, top-of-mind awareness, liking, number of shipments and health  
378 perceptions to track how their activities impact the market. He said that health positioning has been a key  
379 driver of the industry.

380

381 ABC implements a credit-back program that allows handlers the opportunity to conduct and submit  
382 applicable branded marketing activities, as defined in the Federal Marketing Order, in return for credit  
383 against their total annual assessment. The program is unique because all handlers, no matter what size,  
384 can choose whether or not to conduct their own branded marketing and receive credit for doing so. In  
385 addition, the Board's generic marketing activities allow both small and large handlers to enjoy the added  
386 value of marketing efforts that benefit the entire almond industry. Sixty six percent of eligible documented  
387 expenses can be credited. Companies receiving matching funds from the Market Access Program (MAP)  
388 or other sources must deduct the amount received from their total expenses.

389

390 In 2016, ABC's assessment went from \$0.03 to \$0.04/lb. The assessment conversation began in 2015  
391 when the board was projecting a tremendous volume increase and wanted to build demand ahead of the  
392 large supply. Alternatives that were discussed included:

- 393 • Different amounts (\$0.005 to \$0.02)
- 394 • Timing given drought pressures on growers

- 395 • Priorities of research versus market development
- 396 • Impact on staffing, on-going programs
- 397 • “Sunset” provision given crop projections

398

399 The final result was a one-cent increase for three years to fund research and market demand creation. The  
400 budget went from \$58,998,976 to \$88,584,424. Focused research supported current areas while  
401 encouraging innovation. Efforts in current markets were expanded while ABC conducted research in ten  
402 exploratory markets and decided on three.

403

404 Mr. Waycott noted the following key findings on the ABC’s assessment increase:

- 405 • Board of Directors and committee leads need to be united and own the assessment increase.
- 406 • Need a strong foundation – industry needs to trust and believe the monies can be spent well.
- 407 • Communicate!
- 408 • Be transparent – why the money is needed, clear accountability.
- 409 • Ensure industry is fully engaged in the decision, justification, and implementation plan to support  
410 the decision.
- 411 • BOD led peer-to-peer outreach.
- 412 • Articles/interviews in organization’s publications, grower meetings, etc.
- 413 • Use multiple and frequent communication mechanisms.
- 414 • Programs and structure need to be in place to execute on increased funding and ramp up quickly.
- 415 • Mr. Waycott indicated the board would likely not have chosen a sunset increase again and instead  
416 done it for longer or permanently. However, the sunset clause did make it more palatable for some.

417

418 ABC holds a strategic planning retreat every two years. Mr. Waycott noted that having a long-term vision  
419 that is well thought out is vital. ABC is 100% focused on demand, what markets they should be in and  
420 how to reach the consumer. Decisions are made objectively based on research, not subjective.

421

422

## 423 **VOLUME REGULATION**

424 Mr. Mauck opened up the volume regulation discussion by reminding the Committee that according to  
425 the previous day’s Marketing Policy estimates, inventory as a percent of utilization is projected to be 39%  
426 in 2020. Mr. Mauck walked through a Producer Allotment worksheet to show the potential effect of that

427 type of volume regulation. A 10% set aside example scenario with no exemptions resulted in roughly the  
428 same amount of fruit entering the market in 2020 as the Committee had predicted with no regulation. *Ms.*  
429 *Amundson made a motion for no volume regulation for the next crop; Mr. Darlington seconded;*  
430 *Motion carried unanimously.*

431

432

### 433 **FINANCIALS**

434 Ms. Hogan reviewed the financials from September 1 through December 31, 2019. *Ms. Amundson made*  
435 *a motion to accept the financials as presented; Mr. Rezendes seconded; Motion carried unanimously.*

436

437 The Audit Subcommittee met with the auditor in person on January 21 and there were no major findings.  
438 Mr. Rezendes went through the annual financial audit document and pointed out a footnote stating that  
439 \$311,500 of the budget surplus was previously budgeted for the 2019 export program and will be spent in  
440 the year ending August 31, 2020. *Ms. Amundson made a motion to accept the audit as presented; Ms.*  
441 *Gates-Allen seconded; Motion carried unanimously.*

442

443

### 444 **BUDGET**

445 Ms. Hogan went the 2019-2020 reforecast budget and spoke about all modifications. *Ms. Amundson made*  
446 *a motion to remove \$6,300 from field staff and \$5,000 staff expenses; Mr. Darlington seconded; Motion*  
447 *carried unanimously. Mr. Rezendes made a motion to approve the reforecast 2019-2020 budget with a*  
448 *\$74,151 bottom line and \$5,344,422 total expenditures; Mr. Harju seconded; Motion carried*  
449 *unanimously.*

450

451 Ms. Hogan presented the 2020-2021 budget. *Ms. Nemitz made a motion to approve proposed 2020-2021*  
452 *budget showing a surplus of \$441,578 and total expenditure of \$5,248,428; Ms. Gates-Allen seconded;*  
453 *Motion carried unanimously. Mr. Rezendes made a motion to approve the 2020 International Budget*  
454 *as presented at \$3,753,706; Mr. White seconded; Motion carried unanimously.*



<i>Items</i>	<i>FY2019/2020 Approved Budget August 2019</i>	<i>FY2019/2020 Reforecast February 2020</i>	<i>FY2020/2021 Proposed February 2020</i>
<b>INCOME</b>			
Assessments*	\$ 2,470,440	\$ 2,124,699	\$ 2,417,800
Interest Income	\$ 1,500	\$ 1,500	\$ 1,500
Equipment Buyout	\$ -	\$ 23,374	\$ -
<b>Total Assessments and Interest Income</b>	<b>\$ 2,471,940</b>	<b>\$ 2,149,573</b>	<b>\$ 2,419,300</b>
MAP Funding - Generic	\$ 1,360,224	\$ 1,329,000	\$ 1,329,896
MAP Funding - Branded	\$ 400,000	\$ 400,000	\$ 400,000
FMD Funding	\$ 219,648	\$ 187,000	\$ 187,810
QSP Funding	\$ 18,000	\$ 18,000	\$ 18,000
EMP Funding	\$ 270,000	\$ 225,000	\$ 225,000
GBI Funding	\$ 65,000	\$ -	\$ -
ATP (\$1,140,000 /2 yrs = \$570,000)	\$ 570,000	\$ 1,000,000	\$ 1,000,000
<b>Total FAS Programs Income</b>	<b>\$ 2,902,872</b>	<b>\$ 3,159,000</b>	<b>\$ 3,160,706</b>
TASC Funding	\$ 110,000	\$ 110,000	\$ 110,000
<b>INCOME</b>	<b>\$ 5,484,812</b>	<b>\$ 5,418,573</b>	<b>\$ 5,690,006</b>
<b>OPERATING EXPENSES-ADMINISTRATIVE</b>			
<b>Total Salaries</b>	<b>\$ 343,384</b>	<b>\$ 283,542</b>	<b>\$ 293,842</b>
<b>Benefits &amp; Payroll Taxes</b>			
Employee Benefits	\$ 70,000	\$ 48,000	\$ 48,000
Payroll Taxes-FICA	\$ 21,300	\$ 18,840	\$ 18,840
Payroll Taxes-Medicare	\$ 5,000	\$ 4,200	\$ 4,200
Pension Plan	\$ 27,000	\$ 22,700	\$ 22,700
<b>TOTAL BENEFITS &amp; TAXES EXPENSES</b>	<b>\$ 123,300</b>	<b>\$ 93,740</b>	<b>\$ 93,740</b>
<b>Meeting &amp; Travel Expenses</b>			
Staff Expenses	\$ 20,000	\$ 12,000	\$ 15,000
Committee & Meeting Expenses	\$ 150,000	\$ 125,000	\$ 125,000
Subcommittee Expense	\$ 5,000	\$ 2,500	\$ 2,500
Field Staff Expenses	\$ 5,000		
<b>TOTAL MEETING &amp; TRAVEL EXPENSES</b>	<b>\$ 180,000</b>	<b>\$ 139,500</b>	<b>\$ 142,500</b>
<b>Administrative Expenses</b>			
Facility Rent	\$ 26,640	\$ 26,640	\$ 26,640
Office Expenses (General)	\$ 47,500	\$ 47,500	\$ 47,500
Insurance (D&O/GL)	\$ 27,000	\$ 27,000	\$ 27,000
Professional Services	\$ 22,000	\$ 22,000	\$ 22,000
Owned Equipment/Depreciation	\$ 5,000	\$ 5,000	\$ 5,000
Leased Equipment Expense	\$ 15,000	\$ 15,000	\$ 15,000
Maintenance/Repair Expense	\$ 5,000	\$ 8,000	\$ 8,000
Subscriptions & Dues	\$ 7,500	\$ 7,500	\$ 7,500
Compensation Adjustment	\$ 10,000	\$ 10,000	\$ 10,000
Payroll Services	\$ 4,500	\$ 4,500	\$ 4,500
Admin Contractual/Compliance/Other	\$ 36,500	\$ 36,500	\$ 36,500
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$ 206,640</b>	<b>\$ 209,640</b>	<b>\$ 209,640</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 853,324</b>	<b>\$ 726,422</b>	<b>\$ 739,722</b>

<b>PROGRAMS</b>			
<b>INTERNATIONAL PROMOTION PROGRAM</b>			
CMC Assessments Appropriation**	\$ 350,000	\$ 350,000	\$ 350,000
CMC Assessment Appropriation - China Research	\$ 200,000	\$ 200,000	\$ 200,000
CMC Assessment Contribution (ATP)	\$ 23,000	\$ 23,000	\$ 23,000
CMC Staff/Consultant International Travel	\$ 20,000	\$ 20,000	\$ 20,000
China	\$ 1,877,154	\$ 1,867,992	\$ 1,867,992
India	\$ 625,718	\$ 891,008	\$ 891,008
General	\$ -	\$ -	\$ 1,706
Market Outreach	\$ -	\$ -	\$ -
<b>Sub-Total</b>	<b>\$ 3,095,872</b>	<b>\$ 3,352,000</b>	<b>\$ 3,353,706</b>
<b>Branded Program</b>			
<b>Sub-Total</b>	<b>\$ 400,000</b>	<b>\$ 400,000</b>	<b>\$ 400,000</b>
<b>Sub-Total</b>	<b>\$ 3,495,872</b>	<b>\$ 3,752,000</b>	<b>\$ 3,753,706</b>
<b>CONTRACTOR</b>			
BCI Retainer Fee (China, India, Misc)	\$ 140,000	\$ 140,000	\$ 140,000
BCI Retainer Fee (ATP)	\$ 23,000	\$ 23,000	\$ 23,000
BCI Add'l (New Grants, Financial, Prog Launch)	\$ 53,000	\$ 53,000	\$ 53,000
BCI: Misc. Expenses (Travel & Communications)	\$ 30,000	\$ 30,000	\$ 30,000
<b>Sub-Total</b>	<b>\$ 246,000</b>	<b>\$ 246,000</b>	<b>\$ 246,000</b>
<b>TRADE POLICY PROGRAM</b>			
BCI Trade Policy Retainer Fee	\$ 152,000	\$ 152,000	\$ 152,000
Travel & Communications	\$ 30,000	\$ 30,000	\$ 30,000
Data Packaging	\$ 50,000	\$ 35,000	\$ 50,000
Contractual Services (WS, Frucom, Wilson)	\$ 63,000	\$ 63,000	\$ 63,000
<b>Sub-Total</b>	<b>\$ 295,000</b>	<b>\$ 280,000</b>	<b>\$ 295,000</b>
TASC Grants	\$ 110,000	\$ 110,000	\$ 110,000
<b>Sub-Total</b>	<b>\$ 405,000</b>	<b>\$ 390,000</b>	<b>\$ 405,000</b>
<b>TOTAL INT'L &amp; TRADE POLICY PROGRAMS</b>	<b>\$ 4,146,872</b>	<b>\$ 4,388,000</b>	<b>\$ 4,404,706</b>
<b>DOMESTIC PROMOTION PROGRAM</b>			
Domestic Promotion/Partnerships	\$ 47,000	\$ 47,000	\$ 47,000
Website Maintenance	\$ 5,000	\$ 5,000	\$ 5,000
Collateral Material	\$ 5,000	\$ 5,000	\$ 5,000
Samples	\$ 10,000	\$ 10,000	\$ 10,000
Social Media	\$ 10,000	\$ 10,000	\$ 10,000
<b>Total Domestic Promotion</b>	<b>\$ 77,000</b>	<b>\$ 77,000</b>	<b>\$ 77,000</b>
<b>TOTAL PROMOTION &amp; TRADE PROGRAMS</b>	<b>\$ 4,223,872</b>	<b>\$ 4,465,000</b>	<b>\$ 4,481,706</b>
<b>PROJECTS</b>			
Scientific Advisory Board (SAB)	\$ 17,000	\$ -	\$ 17,000
Special Projects (SAP - Domestic)	\$ 140,500	\$ 140,500	\$ -
Industry Outreach	\$ 10,000	\$ 2,500	\$ -
Grower Database Program (Website)	\$ 15,000	\$ 10,000	\$ 10,000
Office Move	\$ -	\$ -	\$ -
<b>TOTAL PROJECTS</b>	<b>\$ 182,500</b>	<b>\$ 153,000</b>	<b>\$ 27,000</b>
<b>TOTAL PROGRAMS &amp; PROJECTS</b>	<b>\$ 4,406,372</b>	<b>\$ 4,618,000</b>	<b>\$ 4,508,706</b>
<b>TOTAL OPERATING/PROGRAMS/PROJECTS</b>	<b>\$ 5,259,696</b>	<b>\$ 5,344,422</b>	<b>\$ 5,248,428</b>
<b>Deficit/Surplus</b>	<b>\$ 225,116</b>	<b>\$ 74,151</b>	<b>\$ 441,578</b>

455 **OTHER BUSINESS**

456 CMC's next summer meeting will be held August 10 and 11, 2020 at the Radisson Blu Mall of America  
457 in Minneapolis, MN. Staff will coordinate a bus trip to Wisconsin field day on August 12.

458

459 After some discussion it was decided that the Committee should alternate holding the winter meeting in  
460 Orlando and Washington, DC every other year so that the industry can maintain its relationship with  
461 USDA employees in both places.

462

463 There was discussion on the Almond Board presentation and what to do with all of the takeaways. ABC  
464 spends so much time looking ahead and strategic planning, and the CMC should consider long-range  
465 forecasting. There was talk of Board education and combining efforts with the Cranberry Institute. Ms.  
466 Hogan said she will look into strategic planning and bring recommendations to the board in August.

467

468

469 **SUBCOMMITTEES**

470 Mr. Mauck went through the subcommittee lists to see if any additions or deletions were needed. He  
471 concluded that if anyone would like to serve on a subcommittee they should contact the executive director.  
472 A new Request for Proposal (RFP) subcommittee was formed to work with staff on conducting necessary  
473 consultant and vendor RFPs. Members include: Mr. Lee, Mr. O'Connor, Mr. Rezendes and Mr. Mike  
474 McManama, A new Government Purchases Subcommittee was formed to work with USDA and cranberry  
475 handlers to determine what products are available and can be used by food banks and other government  
476 programs. This subcommittee will also look at possibly expanding the USDA's product specification list  
477 so the industry can utilize more cranberry products as part of the government's purchase programs.  
478 Members include: Ms. Amundson (chair), Mr. Mauck, Ms. Nemitz, Mr. Chip Mathews, Mr. McFetridge,  
479 and an Ocean Spray designee.

480

481

482 ***Mr. Lee made a motion to adjourn; Ms. Gates-Allen seconded; Motion carried unanimously.***

483

484 *Meeting adjourned at 11:45 a.m.*

485 *Respectfully submitted,*

486 *Karen Cahill, Recording Secretary*