

California Cling Peach Board

Minutes of Meeting

May 21, 2014

Sacramento Farm Bureau Building

A meeting of the California Cling Peach Board was called to order by Chairman Sarb Johl at 9:45 a.m. on Wednesday, May 21, 2014 at the California Farm Bureau Building in Sacramento, California. After self-introductions were made, roll was taken, showing there was a quorum present, with the following in attendance:

Board Members	Alternates	Others
Rajeev Davit	* Anthony Laney	James Christie, BCI
Dennis Flood	Bill Hammerstrom	Elizabeth Coon, PCP
Lance Jackson		Ajayab Dhaddey, CCPA
Sarb Johl	Ex Officio	Ginny Hair, Echo
Richard Lial	Rich Hudgins	Adrienne Hegarty, Echo
Justin Micheli		Tami Iverson, PCP
Chris Miller	Staff	Michelle Paul, BCI
Brian Noeller	JD Allen, Manager	Ron Yoshimura, DMF
Rick Zolezzi	John Gilstrap, Asst. Mgr.	
	Amy Uber, CDFA	* <i>alternate acting in lieu of member.</i>

Following self-introductions, Allen noted that Anthony Laney would have voting rights, which will give the Board its quorum of ten, and that it takes 8 votes to pass any motion.

Approval of Minutes

On a motion from Noeller, with a second from Jackson, the Board unanimously approved the minutes from the Board meeting of March 7, 2014.

Financial Report & Budget Revision

Allen gave a brief financial report (Exhibit "A" attached), noting several expense items for explanation. He said the "315-Audits" account had been overspent due to expanded audit procedures related to the specialty crop block grant, domestic promotion, legal consultants and special project activities. Most of the additional time spent (12 hours) was because of timing differences between the Board's year and the grant year. Allen said that the auditor had called him ahead of time to alert him to, and get permission to charge the extra amount. The other item of interest was the overspending of the "407-Domestic Promotion" account, which Allen explained was due to the Segale report fee (\$7,500) being housed in this account until it can be moved to the new year's books in June. He said the Board currently has a cash balance of \$688,125, and on a motion from Zolezzi, with a second from Lial, the financial report was unanimously approved.

Crop Report

Hudgins reported on CCPA's recent prethinning estimate, saying it showed a crop of 335,837 tons to be delivered to processors, on 19,882 bearing acres representing 16.9 tons per acre, a decrease from last season's actual average of 17.2 tons per acre. He then said

that “paid tons”, which is the basis of the Board’s assessment income, are estimated at 320,000 tons for 2014-15.

Promotion Committee Report

Foreign Promotion - Michelle Paul of Bryant Christie, Inc. (BCI) distributed a handout (available from the Board office) and presented their foreign promotion/Market Access Program (MAP) proposal for 2014-15. Paul noted the Board had received notice of a MAP allocation for the upcoming year of \$500,559, a slight increase over the current year allocation. Paul discussed the four main aspects of the BCI proposal for the new year:

- drafting the United Export Strategy, and developing/reporting on the performance measures in both Canada and Mexico.
- manage international representatives and mid-year changes, and liaison with USDA on the MAP program.
- manage all aspects of financial compliance, and
- travel to USAEDC/FAS conferences, provide annual MAP evaluation reports (Country Progress Reports), and submit regular progress reports and success stories to the Board.

Paul said the proposed fee of \$75,000 (plus \$5,000 for annual travel and administrative expenses) for the 2014-15 is the same as last year and that fees for the newly hired Canadian representative, Ken Berger, would amount to \$72,000 plus travel expenses of \$12,000. She also said that neither Bill Westernoff nor Harbinger had submitted a proposal for the representative position. During the discussion, Paul noted that both the Mexico and Canadian programs will be moving away from social media because of the lack of a sufficient budget to make an impact in that arena.

Board Action 5-21-14 #1 – On a motion from Suki Bains, with a second from Laney, the Board voted to accept the Promotion Committee’s recommendation to accept the proposal from Bryant Christie, Inc. in the full amount of \$75,000 for services, plus \$5,000 for annual travel and administrative expenses. It was also understood the Board would receive “up to” \$500,559 in MAP dollars, and expend “up to” \$150,168 in matching funds.

MOTION CARRIED UNANIMOUSLY

Domestic Promotion – Committee Chairman Davit said in light of pressure from the Association to cut back on the domestic spend for 2014-15 due to anticipated shrinking tonnage over the next several years, the findings of the Segale Review and meetings with processors, the Committee had asked Hair to sharply reduce and refocus the domestic program for the new year. He stated the Promotion Committee had met on March 25th, April 24th and May 15th, to help guide Echo and formulate a program all sectors of the industry could accept. Based on this input, Hair distributed her 2014-15 domestic proposal to the Board (Exhibit “B” attached) in the amount of \$300,000, incorporating the Board’s top priorities as well as outlining “deliverables” the Committee asked her to include.

Board Action 5-21-14 #2 – On a motion from Lial, with a second from Micheli, the Board voted to accept the Promotion Committee’s recommendation to accept the revised proposal from Echo Communications for the full amount of \$300,000.

MOTION CARRIED UNANIMOUSLY

Executive Committee & Budget Worksheet Report

Davit said the Executive Committee had met earlier in the morning to review and if necessary, adjust a proposed 2014-15 budget worksheet. He stated that Allen had led them through each of the expenditure items, noting the ones that had been reduced over the current year amounts; Management Services, Meetings, Domestic Promotion, Production Research, and Travel & Mileage under the Government/Trade Relations category. He then explained the Committee had deliberated extensively regarding the assessment rate, weighing many factors including the inherent long-term danger of eating too quickly into reserves as well as political pressures within the industry. After much discussion, mainly focusing on \$2.40 versus \$2.30 per ton, the Committee unanimously voted to recommend the preliminary budget as presented, with a crop size of 320,000 tons and an assessment rate of \$2.30 per ton.

Budget Resolutions

After the Board reviewed the budget worksheet, and spent considerable time debating the assessment rate issue, they voted on the following resolution:

Board Action 5-21-14 #3 – Zolezzi moved, seconded by Lial, that the Board adopt the following resolution:

2014-15 Crop Estimate and Rate of Assessment

WHEREAS, the California Cling Peach Program provides that the Board recommend a rate of assessment for each marketing season, and

WHEREAS, the Board has estimated a crop of **320,000 tons** to be produced in the 2014-2015 season, and

WHEREAS, the Board has considered the estimated expenditures in its preliminary 2014- 2015 budget,

BE IT RESOLVED that the Board recommend to the Department that the assessment rate for the period June 1, 2014 thru May 31, 2015 be **\$2.30 per ton** of inspected peaches delivered for processing.

7 YEAS, 3 NAYS, MOTION FAILS

Board Action 5-21-14 #4 – Jackson moved, seconded by Noeller, that the Board adopt the following resolution:

2014-15 Crop Estimate and Rate of Assessment

WHEREAS, the California Cling Peach Program provides that the Board recommend a rate of assessment for each marketing season, and

WHEREAS, the Board has estimated a crop of **320,000 tons** to be produced in the 2014-2015 season, and

WHEREAS, the Board has considered the estimated expenditures in its preliminary 2014- 2015 budget,

BE IT RESOLVED that the Board recommend to the Department that the assessment rate for the period June 1, 2014 thru May 31, 2015 be **\$2.50 per ton** of inspected peaches delivered for processing.

3 YEAS, 7 NAYS, MOTION FAILS

Board Action 5-21-14 #5 – Jackson moved, seconded by Noeller, that the Board adopt the following resolution:

2014-15 Crop Estimate and Rate of Assessment

WHEREAS, the California Cling Peach Program provides that the Board recommend a rate of assessment for each marketing season, and

WHEREAS, the Board has estimated a crop of **320,000 tons** to be produced in the 2014-2015 season, and

WHEREAS, the Board has considered the estimated expenditures in its preliminary 2014- 2015 budget,

BE IT RESOLVED that the Board recommend to the Department that the assessment rate for the period June 1, 2014 thru May 31, 2015 be **\$2.40 per ton** of inspected peaches delivered for processing.

7 YEAS, 3 NAYS, MOTION FAILS

Upon the third successive failure to establish an assessment rate (*eight votes needed to pass any motion*), and in light of the departure of one of the voting members, effectively leaving the Board without a quorum, and after Ginny Hair reviewed her revised proposal in detail, the meeting was tabled at 12:13 p.m. and “continued” to:

10:00 am, Thursday, May 29, 2014 at the Farm Bureau Building in Sacramento, California.

Upon resumption of the meeting on Thursday, May 29th at 10:16 a.m., the quorum was once again established, with the following in attendance:

Board Members		Others
Harinder Bains	Sarb Johl, Chairman	JD Allen, Board Manager
Suki Bains	Richard Lial	Ajayab Dhaddey, CCPA
Frank Bavaro	Justin Micheli	Rich Hudgins, Ex-Officio
Rajeev Davit	Chris Miller	Austin Hurtado, Controller
Dennis Flood	Brian Noeller	Amy Uber, CDFA
Lance Jackson	Rick Zolezzi	
Bob Jawanda		
Alternates		
Lou Boer, Jr	* Anthony Laney	* <i>alternate acting in lieu of member.</i>
Jag Khera	* Peter Martini	

Chairman Johl gave a brief recap of the earlier part of the meeting for those who were not present the previous week, and reiterated the Executive Committee's recommendation for a \$2.30 per ton assessment rate for the new year. During the ensuing discussion, several cautionary statements were made about reducing the assessment rate/carryover so drastically, as well as statements in favor of the lower rate. After a lengthy discussion the Board voted on the following resolutions:

Board Action 5-21-14 #6 – Zolezzi moved, seconded by Lial, that the Board adopts the following resolution:

2014-15 Crop Estimate and Rate of Assessment

WHEREAS, the California Cling Peach Program provides that the Board recommend a rate of assessment for each marketing season, and

WHEREAS, the Board has estimated a crop of **320,000** tons to be produced in the 2014-2015 season, and

WHEREAS, the Board has considered the estimated expenditures in its preliminary 2014-2015 budget,

BE IT RESOLVED that the Board recommend to the Department that the assessment rate for the period June 1, 2014 thru May 31, 2015 be **\$2.30** per ton of inspected peaches delivered for processing.

12 YEAS, 3 NAYS, MOTION CARRIES

Board Action 5-21-14 #7 – Zolezzi moved, seconded by Noeller, that the Board adopts the following resolution:

Retaining Monfort Management Services, Inc. to Supply Management Services for 2014-15

WHEREAS, Monfort Management Services, Inc. has provided the necessary office facilities and staff services, and the Board Manager has performed in a satisfactory manner, and

WHEREAS, Monfort Management staff members are also involved in the management of other advisory boards or commissions, which allows MMS, Inc. to minimize the expenses of the involved boards by the sharing of such expense items as multi-purpose trips, memberships, subscriptions, or certain purchases, and

WHEREAS, Monfort Management Services, Inc. manages multiple advisory boards or commissions, Monfort Management staff will abide by and follow the TABCOMP Policy Manual, covering policies that are identical to each client, along with the individual addendum for each,

THEREFORE BE IT RESOLVED that the Board approve the retention of Monfort Management Services, Inc. for the 2014-15 Fiscal year for a total amount of \$88,200, with the Board to be billed in twelve equal monthly installments of \$7,350, which shall cover the items detailed in the attached proposal, and

BE IT FURTHER RESOLVED that when appropriate opportunities arise for cost-sharing with the other boards managed by Monfort Management Services, Inc., an officer of MMS, Inc. be authorized to pro-rate such shared costs based on a suitable formula calculated to distribute the costs according to the benefit derived by each board involved. This distribution may be on an equal basis, a percentage of usage basis, or according to the direct benefit obtained by each board, based on such things as the time spent on a trip, and

BE IT FURTHER RESOLVED that the Board recommends that the Department approve establishing a contractual relationship between the Board and Monfort Management covering the provision of the aforementioned services and facilities, and that the Board Chairman be authorized to sign said contract, and approve the appropriate invoices involved on behalf of the Board.

MOTION CARRIED UNANIMOUSLY

Board Action 5-21-14 #8 – Zolezzi moved, seconded by Noeller, that the Board adopts the following resolution:

Fiscal and Compliance Audit

WHEREAS, the Department of Food and Agriculture has developed a plan whereby Advisory Boards are to have an annual fiscal and compliance audit, and

WHEREAS, the Department's policy allows Certified Public Auditing firms to complete the compliance audit along with their annual fiscal audits, and

WHEREAS, the firm of Borchardt, Corona and Faeth has been contracting to do the California Cling Peach Board's fiscal audit for the past several years,

THEREFORE BE IT RESOLVED that the Board allows Monfort Management Services to contract with Borchardt, Corona and Faeth to do the Board's annual fiscal and compliance audit for the 2013-14 fiscal year.

MOTION CARRIED UNANIMOUSLY

Board Action 5-21-14 #9 – Zolezzi moved, seconded by Bavaro, that the Board adopts the following resolution:

2014-15 Preliminary Budget

WHEREAS, it is estimated that there will be a carry-over of \$702,898 from the Board's 2013-14 budget, and

WHEREAS, the attached preliminary budget (Exhibit "C") reflects estimated income and expenditures for the 2014-15 marketing season,

BE IT RESOLVED that the Board recommend the approval by the Department of the attached preliminary budget and authorization of the transfer of the estimated carry-over to the 2014-15 budget of the Board.

MOTION CARRIED UNANIMOUSLY

Other Business

There was a general feeling that since the domestic promotion program had been refocused and streamlined, with a list of deliverables and quarterly updates stipulated, the Board should know by January if Echo has fulfilled those and communicated with the industry properly. When asked what process is available if the precepts of the proposal are not fulfilled, Johl said the Board would need to send out a "request for proposals" sometime in February.

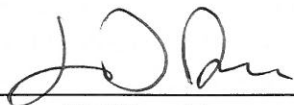
Future Meetings

The next meetings are tentatively scheduled in Sacramento as follows:

- | | |
|------------------------------|--------------------------------------|
| - Public Relations Committee | Thursday, November 6, 2014 @ 1:30 pm |
| - Executive Committee | Friday, November 7, 2014 @ 9:00 am |
| - Board | Friday, November 7, 2014 @ 10:00 am |

There being no further business, the meeting was adjourned at 11:10 am.

I, JD Allen, Manager of the California Cling Peach Board, do hereby certify that to the best of my knowledge, the foregoing is a true and correct copy of the minutes of a meeting of the California Cling Peach Board held at the Farm Bureau Building in Sacramento, California on May 21 and May 29, 2014.



JD Allen, Manager

CLING PEACH BOARD
FISCAL YEAR ENDING 5/31/14

EXHIBIT A

May 15, 2014

INCOME	CARRYOVER	741,714	
	BUDGET	YTD	BALANCE
90-110 Current	1,015,000	1,005,272	9,728
90-120 Interest Income	5,000	4,435	565
90-132 Foreign Promotion Reimbursemer	499,386	179,615	319,771
90-140 Other Income	55,000	44,502	10,498
90-165 Specialty Crop Block Grant	112,827	82,068	30,759
TOTAL INCOME	1,687,213	1,315,892	371,321

EXPENSES

ADMINISTRATION

90-305 Management Services	92,400	84,700	7,700
90-315 Audits	6,000	7,439	(1,439)
90-320 Office Supplies	2,500	3,327	(827)
90-330 Telephone	1,200	1,013	187
90-335 Postage	2,000	1,957	43
90-355 Travel & Mileage	15,000	10,972	4,028
90-360 Meetings	5,000	3,692	1,308
90-370 Insurance	1,600	1,015	585
90-390 Miscellaneous	500	168	332
90-710 Marketing Branch	28,000	22,175	5,825
	154,200	136,458	17,742

PROMOTION

90-407 Domestic Promotion	435,000	442,137	(7,137)
90-408 Specialty Crop Block Grant	112,827	81,262	31,565
90-490 Foreign Promotion	624,233	348,844	275,389
	1,172,060	872,243	299,817

RESEARCH

90-503 Processor Audits	5,000	4,790	210
90-513 Production Research Reserve	100,000	-	100,000
90-515 CA Specialty Crops Council	1,000	1,000	-
90-550 Production Research	150,411	149,579	832
	256,411	155,369	101,042

GOVERNMENT/TRADE RELATIONS

90-317 Consultants	195,000	195,000	-
90-355 Travel & Mileage	15,000	5,376	9,624
90-444 World Peach Conference	10,000	5,037	4,963
	220,000	205,413	14,587

TOTAL EXPENSES	1,802,671	1,369,482	433,189
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NET INCOME **\$ (53,590)**

CASH BALANCE **\$ 688,125**



2014-2015 Domestic Public Relations Core Campaign & Processor Support Programs REVISED

May 20th, 2014

—Presented by Echo Communications—

Overview & Strategy

This year's Domestic Public Relations program was built on recommendations from John Segale's report, processor input and discussion from the Committee as a whole. While the Agency builds in processor feedback as a part of the planning, this year the process was more formalized and was the better for it. We received good reviews from our processor colleagues; we also heard that more is needed. The consensus amongst our stakeholders is clear: the work of the Domestic Program is critical to the success of the industry.

We have a mandate: simplify and sharpen tactics to reach the consumer and to redefine the national "conversation" about canned peaches. This will not happen overnight, but this year's program is an excellent first step. Every component outlined below is aimed at a./promoting canned peach nutrition and b./encouraging the increased consumption of CA canned peaches. Short of multi-million dollar advertising campaigns, the best way to do this is via influencers and thought leaders: writers, editors, bloggers, supermarket RDs, and the like.

I. Core Public Relations Program

1. Build a Peach Nutrition Newsroom

The following is a sampling of the materials we will need to produce to build an effective "newsroom" for the Peach Nutrition Campaign:

- a. Procure newswire services for 4 press releases to promote peach news
- b. Develop Press Materials that feature OSU study, nutrition facts, "sugar issue," Board & grower member profiles, etc.
- c. Enhance our "In the News" canned peach media coverage stream on the website
- d. Create an OSU infographic
- e. Curate online photo/image gallery to provide to media

2. Ramp Up Story Development

From press releases to customized pitches, the Agency will create a master calendar to track story development efforts with the following:

- a. Trade Publications, School Nutrition Magazine, etc.
- b. Health & Wellness Newsletters
- c. Glossy Magazines & Newsprint
- d. Broadcast & Online Publications
- e. Thought Leaders: RD Bloggers

3. Informing Our Influencers

Enhance processors' existing "tour" programs, while reducing social media effort and formalizing our outreach to key influencers

- a. Partner w/Processors on Existing Orchard & Harvest Tours (piggyback with processors to provide support, as needed; e.g. schedule supermarket RDs to attend buyer tour; Agency to join in order to better understand the needs of the retail marketplace)
- b. Manage social media campaign (Pinterest, Facebook, Twitter) (reduced by .5 hr/per day compared to last year)
- c. Produce and distribute quarterly electronic newsletters

\$193,000

Deliverables:

Press Releases (4)

Online Press Kit Featuring OSU Study

Enhanced "In the News" Media Stream on calclingpeach.com

OSU Infographic

Online photo/image gallery

Goal: 10 peach nutrition articles, including placement in School Nutrition Magazine

Maintain Twitter impressions despite reduced budget

Quarterly electronic newsletters to influencer list

II. Processor Materials

- a. Develop new promotional materials to leverage OSU & other research findings
- b. Develop online "Dietitian Toolkit"
- c. Produce & distribute quarterly e-blast with Domestic PR update & ready-to-use content in their own material development

\$30,000

Deliverables:

New OSU promotional materials (3)

Online "Dietitian toolkit"

Quarterly e-blast to processors with update and ready-to-use content

III. Industry Marketing/PR Partnerships

The Agency will work more closely with PBH, CMI and the Canned Food Alliance to fold the Board's materials and messaging into their existing programs and to also review these organizations' PR toolkits to see what items the Board can leverage within its communications channels. The Agency will attend all meetings as needed to better build this important reciprocal relationship.

- a. PBH (\$10,000)

--Board of Trustees involvement

--PBH Committee & Task Force

--Monthly social media collaboration

--Annual conference

--School foodservice director recognition program

- b. Partner with CMI & "Cans Get You Cooking" and the 2014 campaign

- c. Develop a plan for working with the Canned Food Alliance (\$1,500)

\$20,000

Deliverables:

Board Level Membership with PBH & access to the above

Membership with CFA

OSU message distributed via 3 CMI programs

IV. Retail & Foodservice Decision-Makers

While retail buyers make the purchases for the chains, it is the Supermarket Dietitian that is often creating the promotional programs that can assist in getting consumers to eat canned peaches more often. While processors have a clear bias, the Board is seen as an "objective body that adds credibility" to health and wellness claims. With the deletion of school shows and the increased emphasis on Super RDs, the Agency recommends the following:

- a. Attend tradeshow: Academy of Nutrition & Dietetics

- b. Produce online "Staff Development Kits" for schools
- c. Produce "Nutrition Starts With a Well-Stocked Pantry" cookbook
- d. Produce and distribute quarterly e-blasts with ready-to-use content to Super RDs and other decision-makers

\$37,000

Deliverables:

Attendance at the most important conference for the Supermarket Dietitian and RD community

Staff Development Kits

Online Nutrition Cookbook

Quarterly e-blasts to RD community

Meetings @ AND conference with 12 Supermarket RDs with goal of retaining commitments from 50% to work with Board and promote canned peach nutrition in a store communications vehicle

V. Communications Hub

- a. Incoming (school foodservice directors, USDA, etc.)
- b. Outgoing (materials requests, grower meetings, columns for Sysco or CCPA magazines, etc.)
- c. Grower communications (how to best reach our total grower group)
- d. Website updates (school foodservice & RD sections, graphics, collateral, "Peach Bites Blog," etc.)

\$20,000

Revised Budget: \$300,000

California Cling Peach Board

2014-15 Budget

June 1, 2014 - May 31, 2015

INCOME

Carryover, Prior Year	702,898
0-110 Assessments, Current	
<i>based on</i> 320,000 <i>tons, @</i> \$2.30 <i>per ton</i>	736,000
0-120 Interest Income	3,200
0-132 Foreign Promotion Reimb.	500,000
0-140 Other Income	42,400
2014-15 Income	1,281,600
TOTAL INCOME & CARRYOVER	1,984,498

EXPENSES

ADMINISTRATION

1-305 Management Services	88,200
1-315 Audits	6,250
1-320 Office Supplies	2,500
1-330 Telephone	1,200
1-335 Postage	2,000
1-355 Travel & Mileage	15,000
1-360 Meetings	4,500
1-370 Insurance	1,600
1-390 Miscellaneous	500
1-710 Marketing Branch	28,000
<i>Sub-Total</i>	149,750

PROMOTION

2-407 Domestic Promotion	300,000
- Segale Review	7,500
2-490 Foreign Promotion	650,000
<i>Sub-Total</i>	957,500

RESEARCH

3-503 Processor Audits	5,000
3-550 Production Research	137,329
<i>Sub-Total</i>	142,329

GOVERNMENT/TRADE RELATIONS

8-317 Consultants	196,500
8-355 Travel & Mileage G/TR	6,000
8-444 World Peach Conference	0
<i>Sub-Total</i>	202,500

Total Expenditures **1,452,079**

3-513 Production Research Reserve	100,000
Unallocated Reserve	432,419
<i>Sub-Total Reserves</i>	532,419

EXPENDITURES and RESERVES 1,984,498

NET INCOME -170,479