

**Minutes
Executive Committee
Tuesday, April 14, 2009
Reedley, CA**

Chairman Rod Milton called the meeting of the Executive Committee to order on Tuesday, April 14, 2009, at 12:25 p.m. in the conference room of the California Tree Fruit Agreement in Reedley, California. Chairman Milton recognized a quorum present.

Committee Members Present:

Mike Jackson	Steve Jackson	Justin Parnagian
Rick Jackson	Rod Milton	Mike Reimer
		Gordon Wiebe

Committee Members Absent:

Jim Stewart

Government Representatives:

Jennifer Garcia, USDA	Dennis Manderfield, CDFR (via teleconference)
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Others Present:

Ted Avena	Dale Janzen	Sheri Mierau
Wayne Brandt	Denise Junqueiro	Gary Van Sickle
Cassie Drake	Marco Luna	

Minutes

The Chairman indicated he would entertain a motion to approve the minutes of the March 17, 2009 meeting.

It was moved by Mr. Mike Jackson, seconded by Mr. Gordon Wiebe, to approve the meeting minutes of March 17, 2009. The motion passed unanimously.

CTFA Activity Report (Available upon request.)

Crop Report – Ms. Mierau indicated the 2008 season finished with a total of 58.92 containers, for the second largest crop. She said estimating is currently underway, and the crop set looks good in many areas. She also noted there were short sets on plum varieties, and hail had hit in the Exeter area. There was also frost damage, which turned out to be mainly a thinning tool for many, but there was heavier damage in pocket areas and in plums. In regards to pullout reports, abandoned orchards are still an unknown factor. Ms. Mierau reported that pullout reports for the current winter indicate that 229,245 peach trees have been removed, compared to 168,735 last year, which is a difference of 36%. There were 43,998 peach graftings versus 61,775 last year, which is down almost 30%. Nectarine pullouts were 333,467, compared to 202,209 last year, which is a 65% difference, with grafting at 24,935, compared to 19,531 last year, which is up 28%. For plums, pullouts stand at 241,202, compared to 138,582, which is a 75% difference, with graftings at 34,495, compared to 28,704, which is a 20% increase. Mr. Mike Jackson pointed out the 2008 crop was affected by a lot of plantings coming into production, but those plantings have dropped off the last few years, so it should not have an impact on the upcoming

crop. Mr. Mike Reimer pointed out that many of the orchards pulled out were still a low number of trees per acre compared to the current planting densities. Ms. Mierau indicated the pre-season estimate for budgeting purposes was set at 50 million. She indicated there is talk of the crop coming in at 48 million, and stated it could drop to 45 million before it would affect the budgeting aspect.

Industry Relations – Ms. Mierau indicated staff has been working on pullout surveys, helping Board members fill out Form 700s, collecting export marketing expenses to use in the next application for MAP funds and working on the 2009 Marketing Policy Statement.

Public Relations/Communications – Ms. Mierau said the primary article regards food safety and the salmonella now found in pistachios. She also said water issues were in the news, especially with the current march that is taking place. Invasive pests continue to be in the news, and most recently, there was a Light Brown Apple Moth (LBAM) found in Davis, which has triggered increased trapping. She noted articles of interest, in the agenda folder, include “Water Issues Require Accountability”, “Pistachio Growers and Processors Announce New Website to Inform Consumers”, “Controversial Ag Pest Detected in Davis” and “Assessments Could Double for Blueberries.” In regards to the blueberry situation, they now want to add advertising, in addition to public relations. She also indicated they want to add human trials in their nutritional research.

Market Development – In regards to domestic markets, Ms. Mierau reported the first round of Sales Desk Meetings have been completed, and the feedback has been positive. The second round will begin in May. Requests for Proposals (RFPs) for Category Management/Data Analysis will be finalized this month. In regards to the PPN Advocate, there is an industry website that was launched March 16, and there will be consumer websites launched today. In regards to international markets, Ms. Mierau reported agency reviews, per MAP compliance, began March 13. She announced that Mr. Louis Ng will now be handling the Hong Kong market region. She also indicated the selection process continues for representatives in India, United Arab Emirates (UAE), China, Mexico and Taiwan. Ms. Mierau again stated FAS requires these reviews every three years. She informed that the 2010 UES application must be submitted by May 15. She then reported Mr. Gordon Smith currently is visiting markets in the Southeast Asian area, including Taiwan, Hong Kong and China. Mr. Smith will most likely extend his stay in Taiwan in order to attend the upcoming meeting with trade officials regarding the Taiwan MRL (maximum residue limit) requirements, which will take place on April 26. She said there are new testing requirements, which may significantly impact stone fruit this summer, and there has been a lack of transparency in how Taiwan determines which chemicals to test for, and which chemicals they do not have on a Codex or U.S. Standards list. She also reported Mexico recently put a tariff on grapes at 45%, due to NAFTA trade issues with the United States.

Research and Regulatory – Ms. Mierau indicated Mr. Van Sickle attended several of the thinning demonstrations of the Darwin String Thinner. There was also a liaison meeting conducted with Dr. Crisosto for the Fall Ethrel Application project, at which it was reported O’Henry trees had approximately 300 less flowers than non-treated trees. She also reported there was a liaison meeting with Dr. Crisosto for the sensory project. Ms. Mierau reported Dr. Crisosto updated the proposal, which was then submitted to the full Subcommittee, and it will be reported on later in the meeting. She also informed the Ag Issues Forum has approved funding for the Exponent project related to the Environmental Working Group’s “Dirty Dozen” list, which will be a Board comprised of doctors who will be reviewing the list.

In regards to regulatory, Ms. Mierau announced the regulatory bulletins for the state programs were recently approved by CDFR, and a final proofing of the Annual Report is underway.

Government Updates – In regards to the federal side, Ms. Mierau said she is continuing her work with the task force that is meeting regarding marketing communication guideline changes that have the potential to allow some messaging on in-vitro research. She also noted the USDA recently informed CTFA that the federal appointments had not been made yet, and this might not occur until after May 1. She indicated this would affect the current mailing for the April 30 meeting, which could then postpone their first meeting until November. In regards to the state side, Ms. Mierau reported the audit response has been sent to CDFR, with additional backup materials. She indicated this will hopefully address and remove issues regarding the PMA and representative meeting expenses. She also informed, due to a delay from CDFR on guidelines, this will cause the policy for travel to be delayed.

Legal Updates – Ms. Mierau reported there was nothing new to report for federal or state.

Other Issues – Ms. Mierau reported Produce for Better Health is proposing a national program for all fruits and vegetables for a promotional endeavor. She cited McDonald's is currently advertising at the rate of \$1.7 billion dollars, General Motors at \$920 million, the National Dairy Board at \$279 million, the National Pork Board at \$61 million and Table Grapes at \$14 million. Produce for Better Health would like to raise approximately \$60 million for advertising. She informed the Board would consist of 100 members. She stated the Executive Director for the organization would like to make a presentation to the Boards and Committees at the April 30 meeting. After discussion, it was felt it would be best to invite her to speak to the Executive Committee in May or at one of the summer meetings. In response to a question from Mr. Mike Reimer, Ms. Mierau reported the proposed assessment rate is .046% of the market value of the commodity.

Financial Report

Ms. Mierau reported there was nothing against the line of credit, and the cash position is currently \$5,116,000. In regards to receivables collected, "billed" for 2008 is \$7.46 million, compared \$8.80 million in 2007; "collected" is \$7.42 million, compared to \$8.70 million in 2007; total accounts receivables for 2008 is \$0.04 million, compared to \$0.09 million in 2007, and "over 60-days" stands at \$19,000, compared to \$5,000 in 2007. For expenses year-to-date, domestic is \$2.01 million, compared to \$3.67 million in 2007; international is \$3.35 million, compared to \$2.79 million in 2007 and "other" is \$2.62 million, compared to \$2.92 in 2007.

Travel Reimbursement Policy

Ms. Mierau indicated CDFR has not revised the guidelines, but they will be updated shortly. She advised this subject needs to be put on hold until CDFR comes out with their guidelines. She said it looks like the policy won't be adopted until the fall meetings.

Board Size Reduction

Ms. Mierau pointed out there's been a significant reduction in the number of handlers over the last 10 years, which has gone down approximately 50%. She stated it has become more difficult for staff to find new industry members who are willing to participate on the Boards and

Committees, which in turn makes it more difficult to obtain quorums at meetings. She suggested the California Tree Fruit Marketing Board and the California Plum Marketing Board have a reduction from thirteen to eight members, which would require two minor amendments to the marketing order in terms of board composition and district composition. She indicated it was suggested to have eight members for each of the various Committees and, to combine the Northern California district with Fresno and the Southern California district with Kern County. She said this Board makeup would then provide the Fresno district with five members, Tulare district with two members and the Kern district with one member. Mr. Dennis Manderfield also stated there were several other possibilities to consider, such as having one alternate per district, and possibly eliminating the term limits. He also pointed out it would be necessary to make a determination on how many pure growers would be needed on the revised board, and also how to transition to the revised make up for the Board. After discussion, there was a general consensus among the Committee that the California Tree Fruit Marketing Board should consider having a reduction in the number of members and alternates.

It was moved by Mr. Steve Jackson, seconded by Mr. Mike Reimer, to recommend the California Tree Fruit Marketing Board consider the concept of reducing their members from thirteen peach members/alternates and thirteen nectarine members/alternates to eight peach and eight nectarine members/alternates. The motion passed unanimously.

It was also pointed out by Mr. Dennis Manderfield it would be necessary to review the quorum and super majority requirements.

Subcommittee Reports

Domestic Market Development Subcommittee – Ms. Mierau reported the Subcommittee met last week and finalized the details of their program for the 2009 season. She indicated the category vendor review took place, and there were five proposals from five vendors, two existing and three new ones. She noted IRI scan data has been tallied for PPN and other crops for eight regions and approximately 170 accounts and 160 competitive markets. She said they put together key data for retailer mini-reviews, season year-to-date reports, retail trend reports, etc. The recommendation is to maintain the current relationship with Freshlook. She then reviewed the weekly store audits, photography and retailer circular data is key information for the Category Analysis newsletter, and the recommendation is to maintain the current services through U.S. Marketing and Market Track.

For the Retail Data Resource, which is the tool that enables industry to generate custom reports during the season, the recommendation was to maintain the current relationship with Fusion Marketing. In regards to the retailer mini-reviews, of which there will be approximately 28 comprehensive reviews of the prior year results generated with IRI data, RDR and Fusion consulting released in early January, the recommendation is to maintain the current relationship with Fusion Marketing and consider the addition of an in-house analysis. Mr. Mike Reimer pointed out it is important not to do any less than the 28 reviews.

In regards to category research, there were several interesting projects presented from the various vendors, and the highlights include PPN Category Management Benchmark study, Best Practices Review, Shelf Space Modeling and CoHort Aging and Analysis Report. She shared the details for each of those projects, and indicated the Subcommittee approved them for the category proposals. She also noted there will be in-house consulting with Delta Associates, who will be

working on a season year-to-date report expansion, which will also contribute to improvements in the category analysis newsletter. Ms. Mierau noted all of these added up to approximately \$50,000 more than the budget that was passed by the Boards and Committees last November. She indicated, since several of the proposals are from the same company, staff will go back and try to renegotiate price breaks when multiple projects are given to a vendor.

Research Subcommittee – Mr. Mike Reimer reported there was a liaison meeting with Dr. Crisosto in early March. After reviewing a revised proposal from Dr Crisosto, the Subcommittee recommended the project be approved and funded. The Research Subcommittee had a teleconference in late March and voted favorably to recommend the project and the funding request. He noted it is a valid project, and Dr. Crisosto will be establishing a trained taste panel at Kearney Ag. He noted that using some of the “Why Not” data enabled Dr. Crisosto to begin working on some of the items originally scheduled for the second year.

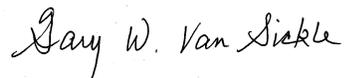
Strategic Planning Subcommittee – Mr. Wayne Brandt reported the Subcommittee had a productive meeting on March 31, noting that they made significant changes to the existing Strategic Plan, which reflects the approved activities of the current Boards/Committees for CTFA. He said there were mostly positive comments on the direction that CTFA has taken, although there are still some who feel it was a mistake to move away from traditional marketing. He informed that the revised plan would be presented for adoption to the Boards/Committees on April 30. He clarified the Subcommittee did not have a quorum at the conclusion of their meeting on March 31, and had a teleconference earlier today, whereby the Subcommittee voted favorably to recommend the revised strategic plan to the Boards/Committees. Mr. Mike Reimer commented the breakout groups had consensus of thought from each of the other breakout groups, and several came up with similar types of findings regarding some of the items in the strategic plan.

New Business/Issues to Discuss in the Future – Mr. Gordon Wiebe indicated several of the Subcommittees should be combined. Ms. Mierau reported the Harvest and Health Protection Subcommittee will be merged with the Food Safety Ad Hoc Subcommittee. She indicated, in regards to the Tree Fruit Quality Subcommittee, they have a different makeup, and suggested a name change for the Subcommittee. Ms. Mierau reported the next meeting would be on May 20, and the Committee would review subcommittee nominations. Other Executive Committee meetings are schedule for June 17, July 15 and August 15. All will begin at noon.

Closed Session

The Chairman asked if there was a need for a closed session. Hearing none, he asked if there was any other business to conduct. Hearing none, he adjourned the meeting at 1:45 p.m.

Respectfully submitted,



GARY VAN SICKLE
Director, Research and Compliance