

**Minutes
Executive Committee
Wednesday, February 17, 2010
Reedley, CA**

Chairman Michael Reimer called the meeting of the Executive Committee to order on February 17, 2010, at 12:22 p.m. in the Conference Room of the California Tree Fruit Agreement in Reedley, California. Chairman Reimer recognized a quorum present.

Committee Members Present:

Bill Chandler	Rod Milton	Justin Parnagian	Gordon Wiebe
Rick Jackson	George Nikolich	Mike Reimer	

Committee Members Absent:

Mike Jackson	Jim Stewart
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Government Representatives:

Dennis Manderfield, CDFA (via telephone)	Jerry Simmons, USDA
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Others Present:

Ted Avena	Corina Tamez	Gary Van Sickle
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Minutes

Chairman Reimer indicated he would entertain a motion to approve the minutes of the January 27, 2010, meeting.

It was moved by Mr. Rod Milton, seconded by Mr. Gordon Wiebe, to approve the meeting minutes of January 27, 2010. The motion passed unanimously.

CTFA Activity Report

The Chairman asked Mr. Van Sickle to present the CTFA Activity Report.

Crop Report – Mr. Gary Van Sickle informed the Committee that a copy of the meeting presentation was included in their meeting packets for reference. Mr. Van Sickle reported the following crop numbers as of January 26, 2010:

	As of 01/26/10	June 2009 Estimate	April 2009 Estimate
Peaches	20.833	20.44	21.427
Nectarines	16.588	17.58	19.227
Plums	9.407	8.91	8.910
Total	46.828	46.93	49.564

Mr. Van Sickle reported the current season rainfall is at 7.05 inches, normal is 6.53 inches; and rain is forecasted for this weekend. The snowpack as of February 1 is at 118 percent of normal. Chill hours recorded in Parlier are at 833 hours, compared to 989 hours in 2009; and Arvin is at 809 hours, compared to 894 hours in 2009.

Industry Relations – Mr. Van Sickle reported that staff continues to collect assessments and sticker expenses for international shipments from industry members. He stated the stickers are for matching expenses. He also stated that Mr. Dale Janzen continues to deliver 2010 calendars to the industry.

Industry Issues/Updates – Mr. Van Sickle reported the Cling Peach industry had reinstated their pullout program. He noted that 81 growers had signed up to pull 1,415 acres; non-paid pullouts were 873 acres, and bearing acres will go from 24,300 acres to 23,000 acres. In response to a question from Mr. Michael Reimer regarding CTFA pullouts, Mr. Van Sickle stated regular pullouts appear to be below average, while graftings are at normal levels.

Mr. Van Sickle provided an update on the Nectarine Juice drink. He reported that 295,000 gallons of the nectarine juice was produced in 2009, and 468,000 gallons are projected in 2010. He further noted the nectarine juice is marketed as “Sun Shower,” with several different flavors.

Public Relations/Communications – Mr. Van Sickle reported media coverage continues for water, pesticide issues, and food safety traceability; and the recent coverage on the Kettleman City birth defects/waste site. He referenced the articles included in the meeting packet: *Know your Farmer*, *Know your Food Initiative* and *Trevor Suslow of UC Davis Speaks Out: The Truth About Consumer Reports, Bacteria and Packaged Leafy Greens*. Chairman Reimer stated that Dr. Trevor Suslow was quoted in an article published yesterday discussing the canal system testing in the Imperial Valley area. He hoped Dr. Suslow’s findings would be of benefit to the PPN industry.

Market Development – Domestic Market - Mr. Van Sickle reported staff is currently conducting Sales Desk meetings, which began on February 9, 2010. He stated the meetings include review of the new category mini-reviews and the PPN Advocate program. He further stated that staff will also start providing Sales Desks with a one page information sheet that would outline what to do if they think an industry crisis is starting. Mr. George Nikolich noted the information page will assist organizations in assessing potential food safety concerns.

Market Development – International Market – Mr. Van Sickle reported that Mr. Gordon Smith recently traveled to Russia for “Emerging Markets Research” and attended Fruit Logistica, which was held in Germany. He stated staff has received RFP’s from interested marketing representatives in Mexico, China, Taiwan, and the United Kingdom. He explained the RFP process is conducted every three years as required by FAS.

Research and Regulatory – In regards to research, Mr. Van Sickle reported the Research Subcommittee met on February 11, 2010, to finalize funding awards. He stated Mr. Bill Chandler would provide an update later in the meeting.

Mr. Van Sickle noted that CDFA has expressed concern about the financial accounting for completed projects. He stated that after a project has been completed, the researcher does not provide a budget/financial report. In an effort to develop a consistent reporting process, CDFA will be working through the CA Commodity Committee for input. CTFA has already modified its RFP package to require a financial review at the conclusion of the project from each researcher.

Mr. Van Sickle reported that he and Mr. John Blalock recently attended the Mid-Atlantic Fruit and Vegetable Conference. He said it was a pleasure to have participated in this event with Mr. Blalock.

In regards to regulatory, Mr. Van Sickle reported that staff has almost finalized the bulletins. He stated the bulletins for the federal programs are pending publication in the Federal Register, and expects distribution to start in late March-early April. The bulletins for the state programs will be updated after tomorrow’s joint meeting and will then be sent to CDFA for approval.

Government Updates – Mr. Van Sickle reported there was nothing new to report on federal programs. In regards to the state, Mr. Van Sickle stated he had recently visited with Mr. Dennis Manderfield and Mr. Robert Maxie in Sacramento. He noted he invited the Marketing Branch staff to visit CTFA at any time. In response to Mr. Van Sickle's comments, Mr. Manderfield stated that he welcomed the invitation. He noted that other commodity programs conduct meetings once or twice a year, while CTFA's Executive Committee meets monthly, which is less of a concern to CDFA. Mr. Van Sickle stated his meeting with CDFA staff also involved finalizing the marketing order changes for the CTFMB board size reduction amendment, which is effective March 1, 2010.

Legal Updates – Mr. Van Sickle stated there was nothing new to report on both the federal and state programs.

Other Issues – Mr. Van Sickle reviewed the upcoming 2010 Executive Committee meeting dates: March 17, April 21, and May 19. He also reviewed the following meetings:

- Winter Committee/Board meeting, February 18 at 1 p.m., Kearney Ag Center in Parlier
- Educational Symposium, February 23 at 8 a.m. to 1:30 p.m., Fresno Convention Center
- California Grape and Tree Fruit League Annual Meeting, March 21-23
- Ethics Training/Board Orientation for new members, mid March
- Spring Committee/Board meeting, April 29 at 1 p.m., Kearney Ag Center in Parlier

Financial Report

Mr. Van Sickle reported for cash management there currently is nothing outstanding for the line of credit and the current cash position is \$3,522,373.53. In regards to receivables collected, Mr. Van Sickle reported that billed for 2009 is at \$1.89 million, compared to \$7.45 million in 2008. Collected is at \$1.869 million, compared to \$7.37 million in 2008. Total A/R is at \$0.023 million, compared to \$0.083 million in 2008. Over 60 days is at \$0.0017 million, compared to \$0.019 million in 2008.

In regards to expenses, year-to-date for domestic stands at \$0.70 million, compared to \$1.80 million in 2008 and is down 61.18 percent. International is at \$2.76 million, compared to \$3.14 million and is down 12.28 percent from last year. Other is at \$2.31 million, compared to \$2.46 million, which is down 6.18 percent.

Mr. Van Sickle reported the two recent check runs were included in the meeting folder. He noted names of handlers with assessment overpayments had been redacted on the included document but the dollar amounts remained. He asked if the Committee had any questions before moving to the next agenda item; there were no questions.

2010 Crop Assumption/Budget/Assessment Rate

2010 Crop Assumption – Mr. Van Sickle reviewed the 2009 crop packout as of February 2, 2010: peaches at 20.869 million, nectarines 16.600 million, and plums 9.410 million for a total packout of 46.879 million. He noted that last fall staff had prepared budgets and crop assumptions for the 2010 season. Mr. Van Sickle stated that for budgeting purposes the following crop assumptions were proposed for 2010: peaches 20.6 million, nectarines 16.2 million, and plums 9.2 million for a total crop assumption of 46.0 million.

2009-2010 Budget Performance and 2010-2011 Proposed Budget – Mr. Van Sickle reviewed the budget as follows:

	Budget	Projected Actual	Proposed
Carry-In	\$ 4,323,994	\$ 6,176,270	\$ 2,810,167
Income	\$ 4,706,500	\$ 4,503,693	\$ 5,781,700
Total Inc	\$ 9,030,494	\$10,679,963	\$ 8,591,867
EXPENSES			
Overhead	\$ 174,201	\$ 168,582	\$ 185,178
Salaries/Ben	\$ 815,424	\$ 693,578	\$ 790,680
Gen Exp	\$ 431,133	\$ 431,133	\$ 468,883
Industry Exp	\$ 104,750	\$ 104,750	\$ 104,750
Other Exp	\$ 162,200	\$ 135,549	\$ 141,482
Compliance	\$ 132,115	\$ 125,895	\$ 133,320
Research	\$ 830,197	\$ 823,256	\$ 833,784
Industry Relation	\$ 104,129	\$ 103,239	\$ 107,291
Domestic	\$ 1,363,004	\$ 1,360,538	\$ 1,189,851
International	\$ 3,926,603	\$ 3,923,276	\$ 3,926,209
Total Exp	\$ 8,043,756	\$ 7,869,796	\$ 7,881,428
Carry Forward	\$ 986,738	\$ 2,810,167	\$ 710,439

(Unaudited)

Trust funds supplemented 09 and 10

Mr. Bill Chandler asked what impact the budget would have if the MAP funding were reduced. Mr. Van Sickle explained the MAP program had recently been approved and that staff applies for the funds every November. He further stated that for every \$1 CTFA assessment dollar spent, the industry receives \$2.75 in MAP funds. It was also explained the \$800,000 includes industry related expenses such as stickers. Chairman Reimer asked why the proposed overhead expenses have increased. Mr. Ted Avena responded the budgets were developed last November and included a 5 percent increase from last year, which allowed for unexpected expenses. The budgets also do not reflect the budget reductions recently made to the domestic programs, salaries, and three research projects not funded. He also stated the international figures were based on 2009.

[Editorial Note: Overhead was increased due to a potential increase of 15 percent for officer liability insurance.]

Mr. Van Sickle reviewed the budget included participation in industry activities with related boards that support our strategic plan. He noted the participation included the Alliance for Food and Farming, CA Grape and Tree Fruit League, CA Ag Issues Forum, CA Specialty Crops Council, Minor Crop Farm Alliance, Invasive Pest Coalition, and the National Peach Council. Mr. Van Sickle stated staff is currently reviewing the benefits of participating in the CA Grown program. He noted if the CA Grown campaign includes Canada, CTFA would consider renewing its membership.

Mr. Van Sickle stated that in regards to Industry Relations, this included market compliance activities as well as grower relations activities. Regarding Inspection and Compliance, this included the spot check audit program during the season and its administration.

Regarding the 2010 Program and Assessments, Mr. Van Sickle stated the state programs would be reviewing and taking action on these items tomorrow. He reviewed the following assessment rate information:

Proposed 2010 Assessment Rates and 2009 Actual		
	Proposed 2010 Assessment Rates	2009 Actual Assessment Rates
CTFMB	4.00¢	2.5¢
CPMB	7.25¢	6.5¢
Commodity Totals	Proposed 2010 Assessment Rates	2009 Actual Assessment Rates
Peach	6.60¢	2.75¢
Nectarine	6.80¢	4.25¢
Plum	7.25¢	6.5¢

Recommended 2010 Assessment Rates and 2009 Actual (Action Taken in December 2009)		
	Recommended 2010 Assessment Rates	2009 Actual Assessment Rates
PCC	2.60¢*	0.25¢*
NAC	2.80¢*	1.75¢*
Commodity Totals	Proposed 2010 Assessment Rates	2009 Actual Assessment Rates
Peach	6.60¢	2.75¢
Nectarine	6.80¢	4.25¢

*2009 and 2010 supplemented by litigation income

Chairman Reimer pointed out the carryforward amount has been supplemented by the litigated funds, but next year the industry should expect a possible 3 cent increase. Mr. Van Sickle stated when developing budgets for next year, staff would need a clear direction from the Committee as to keeping similar programs in place and keeping a similar carry forward or add programs and increase the assessment rate.

It was moved by Mr. Bill Chandler, seconded by Mr. Rod Milton to recommend to the CA Plum Marketing Board and CA Tree Fruit Marketing Board the 2010 Assessment Rates as presented. The motion passed unanimously.

Subcommittee Reports

Research Subcommittee – Subcommittee Chairman Bill Chandler reported he had recently attended a UC meeting with Mr. Van Sickle for research directors and chairpersons, and was impressed on the review and reasons for the projects. He said that Dr. Ted DeJong commented there were not enough researchers. He felt that Dr. DeJong was directing a united plea for commodity groups to unite and let the UC know the importance of filling researcher positions. In regards to CTFA projects, he informed the Committee that 16 projects are recommended for funding at \$496,000.

Harvest and Health Protection Subcommittee – Subcommittee Chairman George Nikolich reported the Harvest and Health Protection Subcommittee met on February 11, 2010, to review several items of concern including the Produce Traceability Initiative (PTI) and how to respond to a potential crisis. He also stated the Subcommittee had directed CTFA staff to prepare a one page information sheet for sales desks to help determine a potential crisis and who they need to contact. He stated he would be providing the industry with an update at the February 18, 2010, Winter Committee/Board meeting. In regards to the PTI, he stated that while the initiative is optional, it can be a mandate between customers and retailers. In response to a question on whether CTFA should review the options available to the industry, Mr. Van Sickle stated the Committees/Boards, at their February 18 meeting, can discuss and then direct the Compliance Subcommittee to review the PTI as needed. Discussion followed.

Subcommittee Officers Bylaw Change

Mr. Van Sickle reported that at the January 27, 2010, Executive Committee meeting, staff was directed to revise the bylaw language regarding subcommittee membership. The following language was presented for consideration:

ARTICLE VI - SUBCOMMITTEES

New Section: Section 2. *The Chairperson and Vice-Chairperson for any subcommittee shall be current members/ alternates on a Committee/ Board/Marketing Program managed by California Tree Fruit Agreement. The term of office shall be one (1) year, with a term limit of four (4) years served. Upon departure of the Chairperson, the Vice-Chairperson shall assume the Chairperson's position and the subcommittee shall elect an eligible Vice-Chairperson.*

In response to a question regarding the term limit, Mr. Van Sickle stated the term was for one year, with a term limit of four consecutive years. Mr. Dennis Manderfield asked if the vice chairperson would automatically transition into the chairperson position and noted it could potentially lock those guidelines. The Committee suggested the following changes be made: add the word "consecutive" to the language regarding the four year term limit; and to remove the sentence "Upon departure..." Mr. Van Sickle stated he would revise the bylaws accordingly and present a revised version to the Committee at their next meeting scheduled March 17, 2010.

CTFA Office Lease Options

Mr. Van Sickle reported the current CTFA office lease expires May 31, 2010. He stated that at the direction of the Executive Committee last month, Mr. Ted Avena recently met with Mr. Wes Isaac of M & D Ventures to renegotiate the lease. Mr. Van Sickle stated that Mr. Avena was successful in negotiating a new lease for five years, instead of four years, with no rent increase. The savings will result in approximately \$1,164 a year. He noted the current rent is \$0.605/sq ft or \$4,840/month.

It was moved by Mr. Rod Milton, seconded by Mr. Bill Chandler, to approve the CTFA Office Lease for five years with no rent increase. The motion passed unanimously.

Issues to Discuss at Future Meetings

Chairman Reimer asked if there were any questions or issues to discuss at future meetings before convening to closed session. With no questions, the Committee was directed to closed session.

Closed Session

Chairman Reimer convened the meeting to closed session at 1:40 p.m.

Return to Open Session

Chairman Reimer reconvened the meeting to open session at 2:25 p.m. Chairman Reimer announced that during closed session, personnel issues were discussed.

Meeting Adjourned

Chairman Reimer adjourned the meeting at 2:26 p.m.

Respectfully submitted,



Corina Tamez
Executive Assistant