

**California Walnut Board/  
California Walnut Commission**

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**CALIFORNIA WALNUT BOARD/  
CALIFORNIA WALNUT COMMISSION  
JOINT MEETING MINUTES**

**February 15, 2013  
Silverado Resort & Spa  
Napa, CA**

A joint meeting of the California Walnut Board and California Walnut Commission was called to order by Board Chairperson Dr. Jerome Siebert and Commission Chairperson Mr. Donald Norene at 9:02 a.m. on Friday, February 15, 2013 at the Silverado Resort & Spa in Napa, California. The roll was called by Ms. Dana Steindorf. Ms. Steindorf advised Chairperson Siebert and Chairperson Norene that a quorum was present for both the Board and Commission. The following members and alternates were present:

**CWB Members:**

Jerome Siebert, Ph.D.  
William Carriere  
David Keyawa  
Robert Driver  
Jerry Moore  
Donald Norene  
Steve Zaffarano  
Jack Mariani  
Jim Frazier  
Frank Guerra

**CWC Members:**

Donald Norene  
Todd Ramos  
David Keyawa

Robert Driver  
Jeb Headrick

Jerry Moore  
Charles Crain  
Kevin Wagner  
Steve Zaffarano  
Martin Mariani  
Jerome B. Siebert, Ph.D.

**CWB Alternates:**

Lynn Morgan  
Matthew Conant  
Michael Petz  
Lisa Warner  
William Tos  
John Kuster  
Jack Gilbert  
Kevin Wagner  
Pete Turner  
Bruce Beard

**CWC Alternates:**

Vacant  
Patricia Mecklenburg  
Robert Lea  
Carl Cilker

Jonathan Graves  
William Tos  
William Crain  
William Carriere  
John J. Gilbert  
Jack Mariani  
Lynn Morgan

Commission members David Miller and Ray Perez were absent, as were Commission alternates Atanacio Martin and Bert Crane. Also in attendance were Ms. Carol Berg Sloan, CWC Nutrition Consultant; Mr. Duane Lindsay, CWC Technical Advisor; Dr. David Ramos, CWB Research Director; Mr. Vic Tolomeo and Ms. Jennifer Van Court of CASS; Ms. Andrea Ricci of USDA/AMS; and Ms. Kathy Diaz and Ms. Agatha d'Esterhazy of CDFA.

Chairperson Siebert called for a motion to approve the minutes of the September 14, 2012, joint California Walnut Board/California Walnut Commission meeting. On behalf of the Board, Mr. Frazier made a motion to approve the minutes as mailed. Mr. Carriere seconded the motion and it carried unanimously. On behalf of the Commission, Mr. Wagner made a motion to approve the minutes as mailed, Mr. Cilker seconded the motion and it carried unanimously.

Chairperson Siebert asked Mr. Vic Tolomeo of CASS to present the next agenda item, CASS Report. Mr. Tolomeo mentioned that the crop forecast in September 2012 was 470,000 tons, about 2 percent over the previous year and based on 245,000 acres, up from 227,000 acres the prior year. The crop number as of December 31, 2012 based on handler receipts is 496,000, that is 5.1 percent more than the estimate.

Mr. Tolomeo mentioned the Walnut, Raisin and Prune Report that CASS issues annually. That report lists production and purchases, tonnage, price per ton by variety for walnuts, raisins and prunes. There is a handler assessment associated with this report that is collected for CDFA – it is required by the State Food and Ag Code. Mr. Tolomeo showed a sample of the report form that is mailed to all handlers.

Mr. Zaffarano asked Mr. Tolomeo if there is anything we can do now to be in a better position to more accurately determine the crop estimate. Mr. Tolomeo stated that CASS knows what the relationships are between the counts, the weights and the acres. The goal is to make sure the model they use does not underestimate or overestimate consistently; there is however, variability in the data – they are collecting data in August for the forecast which is released in September.

Mr. Tolomeo then discussed the census of agriculture; the census forms were mailed out in December to about 110,000 farms in California. The data collected is important, especially in the walnut industry as it asks for bearing and non-bearing acres of walnuts. The results of the census will be published on February 4, 2014.

Chairperson Siebert thanked Mr. Tolomeo for his report and asked Mr. Balint to discuss the next agenda item, Inventory Report. Mr. Balint discussed the recently released December 31, 2012 inventory report showing inshell and shelled inventory and crop receipts by county and variety. He indicated that 2012/2013 has the highest total availability in the industry's history, 544,751 inshell equivalent tons. Four varieties make up 80 percent of the production; Chandler, Hartley, Howard and Tulare. Our biggest inshell export markets are China, Hong Kong, Italy, Spain, Turkey and Vietnam. Shipments to India are still on hold awaiting the phyto sanitary protocol approval. The biggest shelled export markets are Korea, Japan, Australia, Germany, Spain and Canada. Fifty-eight percent of our product went overseas in 2011, down from 61 percent a year prior.

Chairperson Siebert introduced Mr. Jack Gilbert to give the report of the Issues Management Committee. Mr. Gilbert stated that the committee met the previous day to discuss the upcoming annual trip to Washington, D.C. and the continuity of the ag extension service. Dr. Ramos provided the committee with interesting potential opportunities in regard to positions within the extension service. Mr. Gilbert deferred to Mr. Balint to discuss the Korean Free Trade Agreement and the Farm Bill.

Mr. Balint stated that he and Ms. McNeil visited Korea in January; prior to the visit, they had completed the second economic analysis in that marketplace. The original analysis was part of our case for duty reduction and subsequently, the FTA was passed. The duty is now at 20 percent, down from 30 when it was put in place. We are applying for acceleration and the purpose of the trip to Korea was to meet with members of the trade to gain their support in an acceleration of the duty reduction. Our industry is at a disadvantage because Chile has zero duty; their FTA was put through much more quickly than ours. Everyone they met with in Korea was supportive and we are helping them draft letters of support.

On the Farm Bill, Mr. Balint commented that there will be another round of talks in Washington in March, however, he does not expect there will be any agreement on the Farm Bill much before the fall.

Chairperson Siebert asked Mr. Balint to continue with the report of the Marketing Order Revision Committee as Chairperson Siebert was unable to chair the last committee meeting. Mr. Balint stated that the main topic of the recent MORC meeting was the Inventory Report Form. The form has been revised to require some additional reporting from handlers regarding product they are holding for a third party (not owned by the holding handler). A copy of the revised form was provided to all Board members. The Committee needs Board approval to move forward with sending the form to OMB for their approval. Ms. Ricci commented that she had sent the draft of the form to OMB and was informed that it should be a quick change of worksheet form rather than the longer process of approving a new form. The approval from OMB should take three months to six months.

Mr. Guerra made a motion to approve the changes as presented to the CWB Inventory Report Form #4 & 5. Mr. Zaffarano seconded the motion and it carried unanimously.

Mr. Balint stated that another issue discussed at the MORC meeting was the reporting of walnut receipts on the monthly shipment report, something that the CWB has been doing for the past two crop seasons. He indicated that he has had many phone calls from people in the industry who do not think the number is useful; if the estimate is higher than the receipts that have come in by December, it stimulates the market and if the receipts at the end of December are higher than the estimate, it tends to retard the market.

A discussion ensued about the pros and cons of having the walnut receipts number reported monthly. Mr. Frazier stated that he would like to see the receipts number removed from the monthly report. Mr. Zaffarano commented that he believes the number is an important part of the overall equation and would like to see it continue to be reported. Mr. Frazier stated that with the last figures that came out, the prices dropped about 20 percent immediately; he believes the number works against the industry. Mr. Guerra commented that we may be going into a period of time where crop estimates are underestimated while acreage is coming into bearing. He questioned whether releasing a receipts number does the industry harm and do we need to know that information sooner rather than later. He asked if we are better off getting a sense of the size of the crop, but without that information available to everyone.

Mr. Frazier made a motion that the Marketing Order Revision Committee review the issue of the walnut receipts number on the monthly shipment report and report back to the full Board at their meeting in June.

Mr. Jack Mariani commented that it is probably worth taking another look at the reporting; however, there are positive and negatives to having as much information as possible available, not just to our industry, but to the trade as well. This year we have an extra 30,000 tons which would have been nice to know in September, but at least we found out in December rather than April.

Mr. Guerra seconded the motion on the table. After more discussion, the motion carried with seven Board members voting for and two members voting against.

Mr. Frazier commented that another issue that was brought to his attention before the meeting this morning is the concern of walnut theft, whether it be at the orchard or the processing plant. In the south state they have developed an ordinance that does not allow any roadside buying to take place until after the Chandler harvest is completed. Mr. Frazier stated that it is his understanding that an individual figured a way around that issue by registering as a handler and buying immediately; he would like to know what qualifies someone as a handler and if they have to have a processing facility. Mr. Balint answered that there is no "brick and mortar" clause in the marketing order definition of a handler. The Board and Commission have been working on the theft issue for over a year and a half with the cooperation of CDFR Market Enforcement. In fact, next week, Ms. Agatha d'Esterhazy from Market Enforcement and Mr. George Soares, the CWC legal representative, and Mr. Balint will be meeting to discuss that issue along with the issue of accumulators.

Hearing no other business to report under the Marketing Order Revision Committee review, Chairperson Siebert moved to the next agenda item, Report of the CWB/CWC Market Development Committees. Mr. Mariani stated that the domestic market shipments for 2012 are almost identical to the prior year; naturally we would like to see an increase, but the MDC also realizes that with walnuts being one of the highest priced nut commodities right now, holding our own is a good thing.

Mr. Mariani commented that some of the recent activities of the Committee have included Dr. Mehmet Oz and his foundation, HealthCorps; we are providing funding for not just two high schools in California, but four this year. HealthCorps' goal is to teach students how to eat properly in the best interest of their long-term health. As part of the launch of the program, Mr. Mariani and Ms. Olmstead attended a cook-off between the two new high schools, both in Fresno. Also, *Saveur* magazine had an article in their December issue about omega-3 fats and walnuts as a versatile and useful staple in the kitchen. Mr. Mariani turned the presentation over to Ms. Olmstead to continue with an update of the domestic program.

Ms. Olmstead began with an overview of the public relations program, indicating that we ended 2011/12 with 12.4 billion impressions, up 106% over the prior year. Much of the PR was due to four published health studies. Ms. Olmstead continued with recent activities, including the Harvest Tour which included national media and food bloggers from around the country. Walnuts were also featured in five recipes in the holiday edition of Raley's publication, *Something Extra*. California walnuts were also mentioned on Gwyneth Paltrow's digital media company, Goop, as a super food – the story was picked up by the *Huffington Post* which has 40 million visitors.

In science and health, Ms. Olmstead stated that we held a satellite media tour in New York the previous week, tying into heart month (February).. We worked with Aida Mollenkamp, a Food Network chef, and Dr. James Beckerman, a WebMD expert and cardiologist. In health research, the UCLA study on male reproductive health saw over 469 million media impressions. Dr. Hu of Harvard also published a meta-analysis study on ALA, plant-based omega-3, in walnuts. We are also awaiting publication of the large PREDIMED trial in Spain in which walnuts were added to one half of the nut portion that subjects ate daily.

Ms. Olmstead stated that we attended several tradeshow in recent months, including the Academy of Nutrition & Dietetics (FNCE), the American Heart Association Scientific Sessions, and Dr. Roizen's Preventive Care & Integrative Medicine Conference. We are also holding a satellite symposium in April at the American Society of Nutrition meeting; in attendance representing walnuts will be Dr. David Katz, Dr. Barbara Shukitt-Hale, Dr. Penny Kris-Etherton, Dr. Elaine Hardman and Dr. David Jacobs.

We also partnered with the Komen Race for the Cure in 2012, sponsoring four regional Race for the Cure events across the country. Ms. Olmstead commented that we are putting together another team for the event in Sacramento on May 11, 2013 and invited industry members to contact the CWB office if they would like to attend.

In advertising and digital, we are continuing to run our print campaign, Natural Defenders of the Human Body Campaign in a variety of publications. We are also expanding the campaign through social media. Ms. Olmstead then introduced Mr. Dennis Milne, National Director of Business Relations with the American Heart Association, to discuss the AHA's Heart-Check mark;

Mr. Milne stated that the Heart-Check logo has been in the marketplace since 1995 and walnuts were the first nut to be certified with the Heart-Check Mark in September 2011. The Board and Commission have promotional licensing rights to use the Heart-Check Mark to advertise the fact that walnuts meet the AHA healthy criteria. The real advantage is that handlers can put the mark on their packaging. Mr. Milne then presented some research that AHA has done that shows the strength of the Heart-Check Mark on product packaging; the mark is seen by consumers as highly recognizable, credible and trusted. Products with the symbol are perceived as healthier than other brands of similar product.

Mr. Milne briefly talked about the application process to use the mark on packaging. There is special pricing available for members of trade associations or commissions - \$1,000 annually per brand or variety with the new company participation fee of \$7,500 waived. With that \$1,000 annual fee the company is entitled to promotional licensing rights to use the mark on advertising, promotions, website, press releases and product packaging. Mr. Milne showed some mock-ups of product packaging, advertising and in-store promotions with the Heart-Check Mark. He also indicated that all Heart-Check certified brands are listed on the AHA website which has approximately 5 million visitors per month.

Mr. Mariani thanked Mr. Milne for his presentation and turned over the discussion to Ms. McNeil for the Export Marketing Activities update. Ms. McNeil gave some brief highlights of the activities in each of the export markets. She discussed the on-going advertising campaign in Germany which includes social media and on-line advertising, and our presence at industrial trade shows in Europe. In Spain, our pre-Christmas advertising campaign was conducted predominately in-store. We also participated in the Women's Race in Barcelona where walnut news and information were distributed. We also conducted cooking workshops in conjunction with La Maquinista, one of the largest shopping malls in Spain.

In Japan, Ms. McNeil stated that our health-related media coverage continues to gain traction; 60 percent of our media impressions come from health-related topics. The most beneficial coverage this past year was from Dr. Inoue who suggested eating 25 grams of walnuts for the omega-3 content; sales at point-of-sale increased 305 percent after that show aired. We also conducted the Walnut Bread of the Year competition where consumers vote for their favorite bread products on-line. The winners chosen were Takaki Bakery and Kobeya - both have responded with point-of-sale promotions.

In Korea, we participated in the Korea Nutrition Society Symposium and included speakers Dr. Penny Kris-Etherton and Connie Diekman who both talked about the health benefits of walnuts. We reached over 700 dietitians through our participation in the program. In January, we awarded the Product of the Year to five companies that introduced new products in the prior year. We also conducted a Pastry Chef Innovation competition and awarded the grand prize to the chef who created a walnut mango mousse cake.

We worked with *Betty's Kitchen*, China's largest cooking publication, to conduct online forums over several months to introduce walnuts as a healthy ingredient. A subsequent competition was held to introduce walnuts as a vegetarian choice. Also, health-related media coverage continues to expand in China; many publications covered the research out of Dr. Hu's meta-analysis about omega-3 fatty acids.

Ms. McNeil stated we do not yet have an active program in India; we are still waiting for the protocol to be finalized. A draft was received in November and we, as an industry, submitted comments during the comment period. Ms. McNeil hopes to be able to report something within the next month.

Ms. McNeil then discussed the 2013 MAP allocation; she indicated that the MAP program that has been authorized by Congress was funded at \$200 million. We are, however, anticipating cuts of 10 to 20 percent for sequestration – those are across the board federal spending cuts. The CWC on average receives about \$4.4 million in funding; a 20 percent cut would leave us \$898,000 short on our program and would force us to reduce our activities. Therefore, in order to maintain the momentum, staff is requesting to use reserves of up to \$898,000 to maintain the continuity of our programs as we go into the new year, should sequestration happen.

Mr. Driver made a motion to approve the use of CWC reserves to cover up to the amount sequestered should the CWC face a shortfall due to MAP program cuts. Mr. Moore seconded the motion and it carried unanimously.

Chairperson Norene asked Mr. Keyawa to continue with the next agenda item, Intra Industry Communications Committee report. Mr. Keyawa stated that the committee met on December 4, 2012 to discuss the content of the 2013 grower meeting presentation that will be given at the extension service meetings from January through March. The committee also discussed conducting a grower's survey to determine what growers know and do not know and where they get their information; collecting this information will help the CWC better communicate with them. The committee also reviewed the print newsletter and the website as ways of communication.

Mr. Keyawa commented that the 2013 grower meeting presentation will focus on accomplishments of the industry throughout the past several decades and will be entitled "Your Assessments at Work." Ms. Olmstead showed a brief excerpt from the presentation and some slides on health research accomplishments as an example. She also showed a schedule of the grower meetings and encouraged everyone to attend the meeting in their area. Mr. Keyawa concluded the report by encouraging the handlers to communicate to their growers the importance of the CWB and CWC to the industry.

Chairperson Norene asked Ms. Sloan to give an update on Health Research. Ms. Sloan began her presentation with a slide showing the health research funding from 2008 to the present. She also presented the current health research strategic plan which is a focus on aging, cancer, cardiovascular and diabetes research. There were eleven studies published last year; four in cancer research, three in cardiovascular, two in cognitive function, one in male reproductive health and one in weight management. Overall, to date, the CWC has 86 total publications – 28 on the PREDIMED project and 58 in other areas of health research.

Ms. Sloan also discussed our international outreach in health research. She has conducted three mini-SAC (Scientific Advisory Council) meetings in Barcelona, Seoul and Frankfurt over the past 18 months. They reached over 200 researchers, generated 14 proposals from various countries, funded one project in Spain so far and have three letters of intent from Germany.

Ms. Sloan then presented two new health research proposal recommendations for the 2012/2013 budget year. The first one was from Dr. Luc Djousse at Brigham and Women's Hospital in Boston. Dr. Djousse approached the CWC because he works with patients that are in cardiac rehab following a cardiac or diabetic event and are trying to better their diets. The project would be a 24-subject pilot study with hope that the outcomes will lead to funding from the NIH. The second proposal is from Dr. Frank Hu at Harvard School of Public Health who will be conducting a meta-analysis of ALA in walnuts. The cost for the two projects totals \$217,896 over two years.

Mr. Wagner made a motion to approve the two projects presented by Ms. Sloan with \$115,236 from the 2012/2013 budget and \$102,660 from the 2013/2014 budget, for a total of \$217,896. Mr. Graves seconded the motion and it carried unanimously.

Chairperson Siebert asked Mr. Martin Mariani to present the next agenda item, Report of the CWB/CWC Audit Committees. Mr. Mariani stated that the Audit Committees met jointly on February 4, 2013, to review the 2011/12 audit report. He introduced Mr. David Ljung of the accounting firm, Gilbert Associates, to present the audit report.

Mr. Ljung explained that the audit processes that the CWB and CWC have implemented are very effective. It begins with the Audit Committees meeting at least twice per year; once to lay out the plan for the audit and the second time to discuss the results of the audit. Mr. Ljung stated that the Committees are very engaged in the process and staff, especially Ms. Donoho, have been very prepared and cooperative. Overall, Mr. Ljung reported that the audits went smoothly; Gilbert Associates has issued an unqualified or clean opinion on the financial statements of both organizations. They did not identify any significant errors or any deficiencies in internal control.

Mr. Ljung commented that for the CWC, Gilbert Associates conducted some additional procedures as required by CDFA guidelines in regard to compliance on travel, lodging, entertainment expenses and use of vehicles. CDFA's requirement also included assessment of the CWC's internal control structure over accounting procedures and its documentation of transactions. For that part of the audit, Gilbert Associates did not identify any exceptions, nor were there any recommendations or corrective actions necessary.

Mr. Mariani asked the Board and Commission to take action on the acceptance of the audits as presented and to approve the engagement of Gilbert Associates for the 2012/2013 audit. Mr. Ramos made a motion on behalf of the California Walnut Commission to accept the 2011/2012 CWC audit as presented and to engage Gilbert Associates for 2012/2013; Mr. Wagner seconded the motion and it carried unanimously. Mr. Norene made a motion on behalf of the California Walnut Board to accept the CWB 2011/2012 audit as presented and to accept the engagement of Gilbert Associates for the 2012/2013 audit; Mr. Driver seconded the motion and it carried unanimously.

Mr. Mariani concluded his report by stating that the industry should be please to know that Mr. Ljung reported at the Audit Committee meeting that the CWB/CWC operates on a very efficient basis with overall expenses about 50 percent of what Mr. Ljung would normally see for a similar type and size of organization. Mr. Mariani thanked Ms. Donoho, Mr. Balint and staff for their sound accounting practices, standards and policies.

Chairperson Siebert asked Mr. Moore to give the report of the CWB Production Research Committee. Mr. Moore stated that the Committee met on November 28, 2012, to review the progress of the transgenic rootstock research project headed by Dr. Abhaya Dandekar at UC Davis. Dr. Dandekar explained at the meeting that there is no movement of the genetic material from the rootstock through the graft union. Mr. Moore also commented that many of the Committee members attended the annual Walnut Research Conference in Bodega

Bay in January where researchers presented their new and ongoing projects. The Committee had 24 proposals presented to them: six in plant pathology, five in genetic improvement, six in orchard management, and seven in entomology. The total budget request for all 24 projects is over \$1.4 million. The Committee has a budget of \$1.1 million and will review and approve projects at their upcoming meeting in March.

Mr. Moore asked Dr. Ramos to give the report of the Walnut Research Conference in Bodega Bay. Dr. Ramos stated that the conference is open only to walnut farm advisors, researchers, extension specialists, the research committee members and the Production Research Advisory Council. There were 87 attendees at the conference this past January. Dr. Ramos gave a brief history of the walnut conference which began in the 1970's after the walnut marketing order was amended to include the funding of production research.

Dr. Ramos explained that the funding process begins each year in June with the preparation of research proposals and the PRAC working groups meet during the summer to develop research priorities. Once proposals are submitted and presented at the conference in January, the CWB Research Committee reviews the projects and makes funding decision in February or March.

Mr. Moore asked Ms. Donoho to present the next agenda item, Report on Research Endowment. Ms. Donoho stated that the UC Davis Endowment Report is issued annual on June 30<sup>th</sup> which is the state's fiscal year-end. The most recent endowment report issued on June 30, 2012 indicated that the endowment's market value is a little over \$1.3 million. There was a \$22,000 payout during that year-end period and a slight decrease in the value of the endowment due to investment losses during that period.

Chairperson Siebert thanked Mr. Moore, Dr. Ramos and Ms. Donoho for their reports. Mr. Balint introduced Ms. Agatha d'Esterhazy of CDFA Market Enforcement to report on the next agenda item, Assembly Bill 907. Ms. d'Esterhazy stated that Market Enforcement is a regulatory agency within CDFA that is charged with protecting growers from unfair business practices of licensees or handlers of California farm products. She indicated that the main purpose of AB 907 is that if a complaint comes into Market Enforcement and they determine that a licensed processor or handler owes money to growers through default (past due based on contractual terms), Market Enforcement will come to the facility to determine how much is owed; once that is established, they will require that an irrevocable guarantee be posted for the exact amount of money that is in default. The irrevocable guarantee can be in the form of a surety bond through an insurance agency, a letter of credit through a bank, a certificate of deposits, or an individual/organization who signs a pledge of financial guarantee.

Ms. d'Esterhazy stated that walnut handlers need to be aware of this new legislation that could impact them. Should a handler be unable to provide the irrevocable guarantee in the event of a complaint against them, Market Enforcement will take administrative action – basically take away the business license. Ms. d'Esterhazy reiterated that the legislation for processors/handlers only applies to shelled product. Mr. Keyawa asked what has to happen to have inshell included in the legislation. Ms. d'Esterhazy stated that the section that was created to have the irrevocable guarantee would have to be put into Chapter 7 of the Food & Ag Code, which includes inshell nuts. The CWC would have to get legislation to include that portion in a different chapter of the code that Market Enforcement regulates.

Mr. Keyawa made a motion to have the CWC Issues Management Committee review the issue of having similar language as AB 907 incorporated into Chapter 7, Division 20 of the Food and Ag Code in order to include inshell nuts. Mr. Zaffarano seconded the motion and it carried unanimously.

Chairperson Siebert asked Mr. Carriere to present the next agenda item, Report of the CWB Grades & Standards Committee. Mr. Carriere stated that the Committee has been very active, having had two meetings since the last Board meeting in September; one on December 18 and one on February 14. He also mentioned the Food Safety Symposium that was conducted the day prior to this meeting was a great success with many handlers and industry members in attendance.

One of the reports that the Grades & Standards Committee reviewed at their December 18 meeting was the huller antimicrobial study which was inconclusive. Also, at that meeting, Don Henry reported on his activities in the field; Mr. Henry has been hired as a field consultant to travel around the state and look for any sales activities that are circumventing the system. Mr. Henry reported that he did not find any glaring issues, but was surprised by how many cash deals at high volumes are taking place. Mr. Carriere stated that the Grades & Standards Committee has set aside a budget amount to hire more field consultants for this next crop year. We are also going to work more closely with Market Enforcement to share information on field activity that is circumventing the system.

Mr. Carriere stated that at the Committee meeting the day prior, Dr. Harris reported on her food safety studies and Dr. Walse reported on his SF/PPO efficacy study. The Committee did approve further funding for Dr. Walse out of the current year budget to continue to test the SF/PPO mix at lower temperatures and in commercial settings.

Mr. Carriere asked Mr. Eidsath to give more details on the Committee activities. Mr. Eidsath stated that the 3<sup>rd</sup> annual prevalence surveys on Salmonella and E. coli O157:H7 were conducted with no isolation of E. coli found again. Dr. Harris has collected enough data to draw some conclusions that walnuts have a very low prevalence compared to other tree nuts.

Mr. Eidsath stated that we also conducted the antimicrobial wash study at the huller for a second year. New for this year were the use of a larger huller, longer contact times compared to 2011, several different formulations used, and two concentrations of peroxyacetic acid (PAA) were used. The summary of the study indicated that reductions in microbial populations on walnut shells after PAA were less than 1 log CFU/nut – consistent with the 2011 field trial data. Reductions on conveyor belts ranged from 0 to 4.4 log CFU/100 cm<sup>2</sup> which may aid in equipment and facility sanitation and may reduce risk of cross contamination. Mr. Eidsath commented that the individual huller/dehydrators will need to weigh the pros and cons when choosing whether or not to install an antimicrobial spray system.

Mr. Frazier mentioned an issue that he is having at his facility with the grading of incoming inshell Tulare variety with split or broken shells. Mr. Balint reminded him that the CWB does not regulate incoming inspections and that is an issue that should be addressed directly with DFA. Mr. Jeremiah Szabo of DFA indicated that he would like to address the issue and have a conversation with Mr. Frazier about it outside of the Board meeting.

Mr. Carriere asked Mr. Abhi Kulkarni to report on the next two agenda items, Mancozeb Section 18 and Food Safety Modernization Act (FSMA). Mr. Kulkarni stated that the Section 18 status is approved for 2013 and will be in effect from March 1<sup>st</sup> to June 15<sup>th</sup>. This is the 20<sup>th</sup> year that the industry has received a Section 18; the Section 3 process is moving forward with USEPA and approval is expected later this year. Once approved, USEPA will hand it off to DPR to conduct their own review. Once DPR finishes their review, the Section 3 status will become final.

Mr. Kulkarni reported that the FSMA was released by FDA a few weeks ago; the comment period is open until May 16, 2013. He and Mr. Eidsath are reviewing the approximately 1,200 pages of rules and working with the Grades & Standards Committee to draft a response on behalf of the industry during the comment period. Mr. Kulkarni stated that

after FDA receives all the comments, they will formulate the final regulation. Sixty days later, FSMA goes into effect.

Chairperson Siebert thanked Mr. Carriere, Mr. Eidsath and Mr. Kulkarni for their reports and moved to the next agenda item, Election Timeline. Ms. Steindorf reported that the process for the next two-year terms for the Board and Commission members and alternates has begun. The first step was the collection of the grower lists from handlers which is overseen by our third-party CPA firm, Gilbert Associates. The CWB nomination period will be March 1 to March 31, with ballots being mailed in mid-April. The CWC nomination period will be May 1 to May 31, with ballots being mailed in mid-June.

Chairperson Siebert asked Mr. Balint to discuss the next agenda item, CWB Referendum. Mr. Balint stated that in 2008 when the marketing order was revised, one of the items that was voted in was a continuation referendum to be conducted every six years. The CWB will be conducting their first continuation referendum in April of 2014.

There was no Executive/Closed Session necessary. Chairperson Siebert stated that the time and the place of the next joint meeting of the Board and Commission will be Thursday, June 6, 2013 at the Marriott Hotel in Rancho Cordova, California. Hearing no further business, Chairperson Siebert and Chairperson Norene adjourned the joint meeting at 12:10 p.m.

I HEREBY CERTIFY that the above is a full, true and correct copy of the minutes of the meeting held on February 15, 2013, in Napa, California, by the Boards of the California Walnut Board and the California Walnut Commission.



5/22/13

\_\_\_\_\_  
Date

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Dennis Balint, Executive Director/CEO