

**California Walnut Board/
California Walnut Commission**

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

**Thursday, June 7, 2012
Marriott Hotel
Rancho Cordova, 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 Donald Norene at 10:10 a.m. on Thursday, June 7, 2012, at the Marriott Hotel in Rancho Cordova, 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

Robert Driver
Jerry Moore
Donald Norene
Steve Zaffarano
Jack Mariani
Jim Frazier
Frank Guerra

CWC Members:

Donald Norene
Todd Ramos

Robert Driver
Jeb Headrick

Jerry Moore
Chuck Crain

Steve Zaffarano
Martin Mariani
Jerome Siebert, Ph.D.

CWB Alternates:

Lynn Morgan

Lisa Warner
William Tos
John Kuster
Jack Gilbert

Pete Turner
Bruce Beard

CWC Alternates:

Vacant
Patricia Mecklenburg
Robert Lea
Carl Cilker

Jonathan Graves
Bill Tos
Bill Crain
William Carriere
Jack Gilbert
Jack Mariani
Lynn Morgan

Board member David Keyawa was absent. Board alternates Matthew Conant, Michael Petz and Kevin Wagner were absent. Commission members David Keyawa, David Miller, Ray Perez and Kevin Wagner were absent, as were Commission alternates Nacho Martin and Bert Crane. For the Commission, Mr. Lea sat in for Mr. Keyawa, Mr. Cilker sat in for Mr. Miller, Mr. Graves sat in for Mr. Perez, and Mr. Carriere sat in for Mr. Wagner. Also in attendance were Mr. Duane Lindsay, CWC Technical Advisor; Dr. David Ramos, CWB Research Director; Mr. Jeff Smutny of USDA/AMS; and Ms. Kathy Diaz of CDFA.

Chairperson Siebert called for a motion to approve the minutes of the February 17, 2012, joint California Walnut Board/California Walnut Commission meeting. Mr. Driver made a motion to approve the minutes as mailed. Mr. Carriere seconded the motion and it carried unanimously.

Chairperson Norene called for a motion to approve the minutes of the February 17, 2012, joint California Walnut Board/California Walnut Commission meeting. Mr. Cilker made a motion to approve the minutes as mailed, Mr. Moore seconded the motion and it carried unanimously.

The next item on the agenda was the CASS Acreage Survey Report given by Mr. Vic Tolomeo of CASS. Mr. Tolomeo stated that the walnut acreage report came out May 24, 2012. This report is generated every two years and reports the acreage across the state by variety and year planted. Mr. Tolomeo stressed the importance of this report as it relates to the objective measurement forecast that CASS reports in September; the acreage number will go into the forecast model for this upcoming year.

Mr. Tolomeo reported that the results of the 2011 walnut acreage survey indicate bearing acres at 245,000, with 35,000 non-bearing, for a total of 280,000. Since the last acreage survey in 2009, CASS has reviewed the data and made some revisions based on their findings that detailed acreage increased (10,500 acres) across all years beginning in 2000; pullouts from 1999 and before were low (6,100 acres); and a review of permit use of DPR data and the ag commissioners office. Due to their findings, CASS revised the 2009 acreage number from 227,000 bearing acres, to 235,000 for 2010 which is the number they used in the model for the 2011 survey.

Hearing no questions for Mr. Tolomeo, Chairperson Siebert asked Ms. McNeil to present the next agenda item, Strategic Plan Update. Ms. McNeil stated that back in January, the Board and Commission met to review the strategic plan during a two-day workshop. The primary reason for the session was to review and assess the objectives and goals from the workshop in 2009. As part of our ongoing and future plans for marketing activities, we need to have a strategic plan and it needs to be current with targeted volume goals for our active, current market.

Ms. McNeil explained that the components of the plan were put into a draft that includes: the goals of the industry, both Board and Commission; highlights of our achievements; ongoing and future issues; mission statement; strategy statement; volume goals; and specific objectives and actionable items to achieve those objectives. Our mission statement is to increase demand for California walnuts. Our strategy statement is to increase demand and brand recognition to create profitable opportunities for the California walnut industry through marketing activities, health and production research, and to deliver a safe, high quality product.

Our business is divided into six focus areas: health research, market development, production research, issues management, grades and standards and food safety. Each of the focus areas addresses achievements, ongoing and future issues, definitive goals and objectives. As an industry, we have goals and key assumptions associated with those goals. The

assumptions that are outlined in the strategic plan are: crop size will equal 625,000 tons in five years, shipments will increase worldwide, China/Hong Kong and Turkey will remain key markets for us while we maintain or increase our current volumes, government funding will continue to decrease, demand will grow at a minimum of 4% annually, we will identify and establish new export markets, and competitive spill will not be a significant factor.

The goals the industry has defined are: a 19% overall increase in tonnage to 625,000 tons in five years, the U.S. will remain our main market with growth of 13 percent, foreign markets in Germany and Spain have modest goals, the implementation of free trade agreements will have significant impact in helping us achieve volume goals in the Korean market, China/Hong Kong will remain key players in the industry, and once we have market access, India will be a large market for our industry.

Chairperson Norene thanked Ms. McNeil for her presentation and asked that the Board and Commission adopt the Strategic Plan as presented. Mr. Driver, on behalf of the CWC, made a motion to adopt the Strategic Plan as presented by Ms. McNeil. Mr. Ramos seconded the motion and it carried unanimously. Mr. Carriere made a motion on behalf of the CWB to adopt the Strategic Plan as presented. Mr. Guerra seconded the motion and it carried unanimously.

Chairperson Siebert moved on to the next agenda item, report of the CWB/CWC Market Development Committees. Mr. Jack Mariani, Chairperson of the CWB Market Development Committee stated that the committee met recently and reviewed the ongoing activities and made recommendations for the coming year. He indicated that domestic shelled and inshell shipment are down 5.58% and 2.88% respectively for the current year. With the late harvest, smaller crop and higher prices, we are quite happy with those results.

Mr. Mariani commented on the Food for Your Whole Life Symposium two-day event that was held in New York City this past Sunday and Monday. He attended the event that included over 600 attendees for the public session on Sunday and almost 400 health professionals on Monday. There were 48 media attendees - a substantial increase in media representation from the first symposium held two years ago. The health professionals in attendance included dietitians, nutritionists, nurse practitioners and physician assistants. The speakers featured Dr. Oz, Dr. Michael Roizen, Dr. David Katz, Dr. Walter Willet, and several of our Scientific Advisory Council members including Dr. David Jacobs and Cheryl Rock. Mr. Mariani showed a couple of highlight videos from the symposium; one of fitness expert Petra Kolber and another of chef, Alex Stratta.

Mr. Mariani turned the presentation over to Ms. Olmstead to continue with the domestic marketing highlights. First, Ms. Olmstead introduced the newest member of the CWB staff, Ms. Julie Krueger, Assistant Marketing Director for the U.S. market. She continued with the highlights from our public relations program, including: a Mediterranean Diet Media Event that was conducted in Sausalito with three experts to demonstrate the role of the Mediterranean diet; a website chef menu at home project to develop meals that are restaurant quality that can be cooked at home; and our partnership with Aida Mollenkamp (video shown).

Ms. Olmstead showed some media highlight clips from Dr. Oz, Dr. Travis Stork from the Doctors television show and on-line clips from *Prevention* and WebMD. Moving into the advertising and web highlights, Ms. Olmstead mentioned the recent print advertising campaign that was launched in order to fulfill the strategic plan objective of refocusing on the domestic markets. The Natural Defenders of the Human Body campaign, with three different executions, was inserted 37 times between January and August of 2012 in publications such as *Better Homes & Gardens*, *Cooking Light*, *Eating Well*, *Food & Wine* and more. The target group (women age 25 to 64) had a reach of 66% and an average frequency of four times. Total gross impression were over 107 million and digital impressions were an additional 80 million.

In order to track the effectiveness of the ad campaign, we did a tracking study. Ms. Olmstead stated that the first wave was conducted in September before the advertising started. The second wave was conducted in early May and included 75 percent of the ad placement for the budget year. The main idea or message of the advertising reported back to us was first, the message of walnuts in general and second, that they are healthy and good for you. Ms. Olmstead stated that the conclusions are: it will take more time to continue to build awareness; attribute ratings of walnuts improved between the two waves; we will re-evaluate the advertising schedule to maximize impact; and we will re-evaluate copy-positioning to make sure our messages are registering.

Ms. Olmstead stated that we established a social media strategy this year with Evans, Hardy & Young, our agency in Santa Barbara. They have built on the Natural Defenders of the Human Body campaign by creating an application on Facebook where guests were asked how they defend their body. Since launching in April, we have more than doubled the number of "likes" on our Facebook page. Ms. Olmstead also mentioned that we are running a campaign on Twitter, reaching out to those top one percent who develop the most content on Twitter. When those people mention walnuts, we are sending them a gift of walnuts. In turn, they thank us with a photo of the walnuts or possibly a recipe they developed.

Ms. Olmstead then presented some highlights for the coming year. The PR focus for next year will be on walnuts as natural defenders of the human body; the campaign is also supporting and working in conjunction with the advertising social media campaign. This past year we started a crisis communications plan and will continue with some of those activities, working with Fleishman-Hillard in Sacramento. We will be updating the website with a proactive food safety section for consumers, conducting media training among key potential spokespeople, and holding workshops for handlers. We also are moving into the food service area and will conduct a walnut summit at the Culinary Institute of America. It will be a two-day, hands-on immersion with representatives from well-known restaurants and holding companies.

The proposed budget summary from the Market Development meeting is broken down by agency and organization (Board and Commission). The total domestic budget recommendation is \$7,493,500 which is an increase in 8.4 percent over last year. Ms. Olmstead then turned the presentation back over to Mr. Mariani.

Mr. Mariani, on behalf of the CWB Market Development Committee made a motion to the Board for approval of the recommended budget for 2012/13 of \$4,822,500. Mr. Frazier seconded the motion and it carried unanimously. Chairperson Norene made a motion on behalf of the CWC to approve the Commission's portion of the domestic marketing program for 2012/13 of \$2,671,000. Mr. Driver seconded the motion and it carried unanimously.

Mr. Cilker, Chairperson of the CWC Market Development Committee, continued with the committee report. He stated that the export program was presented to the committee as part of the joint meeting on May 1 and asked Ms. McNeil to give the overview of the export program.

Ms. McNeil stated that we have been working with the California Agricultural Export council and the California Tourism board to collaborate on a special block grant into Germany. That campaign, Taste California, was conducted with the German Railroad and was written up in their magazine, *DB Mobil*. We welcomed a media tour that included a visit to a walnut processing facility. The seven-page article in the publication reached about 4 million readers. In conjunction with this campaign, walnuts and other commodity products were offered in kiosks throughout the German railway in March. Two walnut products were introduced with this promotion - a single-serving of walnuts with mixed nuts snack and a 100-gram package available for purchase. A roadshow also took place in some leading train stations that included video footage from California as well as brochures and promotional items.

In Spain, Ms. McNeil reported that we attended Alimentaria, the largest food show in Europe. There were over 142,000 visitors to the show and we collaborated with some key partners to conduct food pairing in our booth and others. Also, the PREDIMED study's first results were published and shared with the audience in attendance. The show generated 75,000 contacts and four serious proposals to work together with companies in Spain.

In Korea, we are fortunate to be part of a leading television program, Vitamin, with appearances by Dr. Joan Sabaté and Dr. Wendie Robbins to talk about the health benefits of walnuts. The program aired on May 9th and the entire 60-minute feature was dedicated to walnuts. Also in Korea, the leading home shopping program, Secret of Human Life, aired a program about blood where walnuts were named as one of the foods for maintaining blood and good health.

Ms. McNeil stated that, in Japan, NTV's Sukkiri, the leading morning talk show, featured Japan's Miss Universe who talked about her love for walnuts for their antioxidant properties. Moving onto China, our marketing program featured our second annual California Walnut Cup Pastry Products Innovation Competition. The entrants included chain bakeries and leading hotels who we will continue to work with throughout the coming months to promote walnut products. In Canada, we partnered with U.S. Rice on a series of culinary and educational events.

Ms. McNeil then shared some of the highlights of the upcoming export marketing program for 2012/13. She stated that there is an increasingly competitive environment in the MAP program; in order to put our best foot forward, we are increasing our contribution from 75 to 85 percent in our program to be more competitive. FAS continues to emphasize emerging markets - to that end, we are active in China and India is on the horizon as we plan for the coming year. Also, Ms. McNeil noted, at the end of December 2012, we will cease our marketing program in Canada.

She indicated that for the coming year the emphasis will be on the shelled business. Several of our key markets are shelled markets - Japan, Korea, incremental growth in both Germany and Spain. We are also seeing more competition from foreign markets; for example, in Korea, the Chileans have taken an active step pursuing market growth. In Europe, advertising has been an important element of our program; we have been conducting on-line advertising for sometime in Germany and Spain. We also will be expanding our social media outreach through recipes and content to consumers on Facebook and preparation and skills videos on YouTube and Instagram. Public relations outreach will include attendance at nutrition congresses, partnerships with cooking schools, and the ongoing Menu with Heart campaign in conjunction with the Spanish Heart Foundation.

In Germany, ninety-two percent of our success is retail. We will continue to find ways to partner with retailers via recipe brochures, product bins, packaging - any way we can to promote California. In Spain, sixty-seven percent of the food purchased is made at point of sale. In order to be present at POS, we are continuing with advertising in 700 retail centers, outdoor advertising and in print ads in leading women's lifestyle and cooking publications. Activities in Korea will focus on advertising on buses and subway lines, in women's cooking and lifestyle publications and on-line. The health professional program will be launched in the next year and we are partnering with the Korean Nutrition Society and the Korean Society of Diabetes. Other activities in Korea will include social media, trade education, home shopping, and product development.

In China, we are still building a marketing program and trade education is vital. We will conduct technical seminars, participate in key trade shows and hold trade competitions in the snacking and baking sectors. Other activities will include retail promotions and advertising on bus and subway lines as well as in print publications. In Japan, the bakery sector is critical to

our business and we will continue with in-store and tie-in promotions. We will conduct a walnut product of the year competition as well as retail promotions throughout the year.

Ms. McNeil explained that we do not have market access in India yet; a trade representative from APHIS has assured us that the Commission of Health is reviewing our application. In the meantime, we have begun preparing by building the trade through attendance at trade shows and by using the emerging markets program to engage key buyers. Turkey has been a growing market for our industry and change in the market will continue as Turkey moves toward EU harmonization. Last December, Turkey passed a number of food safety regulations and as a result we are seeing more accountability within the trade; this is a benefit for us in pursuing a potential program in Turkey. We will conduct consumer and trade market research in the coming year to learn about attitudes and perceptions about walnuts.

Mr. Cilker thanked Ms. McNeil for her presentation and made a motion to the Commission for their approval of the CWC Market Development Committee export marketing program budget for 2012/13 in the amount of \$4,030,333. Mr. Lea seconded the motion and it carried unanimously.

Chairperson Norene asked Ms. McNeil to continue with the next agenda item, European Union Health Claim Update. Ms. McNeil stated that the European health claim has been approved; walnuts are the only nut with a specific claim which states "Walnut contribute to the improvement of the elasticity of the blood vessels." We have also been awarded the right to use generic claims specific to ALA and LA. The claims can be used on packages, assuming that the food they are in or the walnuts themselves meet the daily requirement of a significant amount. Members of the trade are encouraged to seek legal counsel to make sure they have met all the packaging requirements for the EU.

Chairperson Siebert asked Mr. Eidsath to present the next agenda item, Crisis Management. Mr. Eidsath stated that in the first few months of 2012, FDA reported that there were 142 food recalls with 7 million retail units of food recalled. The California walnut industry has an excellent reputation for producing safe, high quality nuts throughout the world; protecting that reputation and consumer confidence is a prime goal of the Board. This past March, the Board conducted five crisis communication workshops for our handlers throughout the state. The workshops were led by Dan Barber, an experienced crisis counselor who works for Fleishman-Hillard. The workshops presented strategies and real-life examples of recalls as well as ways to communicate with customers, the media and regulatory agencies during a recall. We had over 50 handlers attend the workshops and we will be conducting additional workshops in order to capture the attendance of the 30+ handlers who did not attend the first set. More information on those workshops will be forthcoming.

Chairperson Siebert asked Mr. Moore to give the Report of the CWB Production Research Committee. Mr. Moore stated that the Research Committee met on March 6th to review and approve projects for the coming year. There were 24 proposals presented to the Committee; of those 20 were approved for a total of \$1,035,710, within the allocated \$1,036,000 Research Committee budget. The Committee also made a recommendation for the 2012/13 budget of \$1,100,000; Mr. Moore made a motion to the Board for approval of that budget. Mr. Driver seconded the motion and it carried unanimously.

Chairperson Siebert asked the Board to delegate authority to the Production Research Committee to approve Production Research Proposals for 2012/13. Mr. Carriere made a motion to that effect; Mr. Guerra seconded the motion and it carried unanimously.

Mr. Balint presented the next agenda item, Endowment. He stated that the Production Research Committee and the Research Director, Dave Ramos, are concerned about maintaining a strong breeding program. They have recommended an increase in the breeding

program endowment through UC Davis in the amount of \$1,000,000 with the first payment of \$500,000 to be made from the 2012/13 budget. This amount has been included in the budget as presented to the Board. The details of supplementing the endowment are still being worked out; there are concerns over protecting the interests and equity of the industry. Mr. Balint asked the Board for their approval of the first payment and to grant the authority to staff to reach an agreement with UC Davis on the language to be included in the endowment.

Mr. Carriere made a motion to approve the \$500,000 first payment to add to the endowment and to authorize Mr. Balint to negotiate the terms of the endowment with UC Davis and to report to the Budget & Personnel Committee those results for their approval. Mr. Guerra seconded the motion and it carried unanimously.

Mr. Moore asked Mr. Eidsath to report on the next agenda item, Nitrates in Drinking Water. Mr. Eidsath explained that in March a report was released by UC Davis researchers on nitrate contamination in groundwaters; the report centered on Monterey County and the Tulare Basin. The report identified the top ten commodities using fertilizers that result in nitrate contamination and tree nuts were number five on that list. Dr. Ramos is leading several members of the Production Research Advisory Council (PRAC) who will look into the issue and they will report at the next PRAC meeting in July.

Chairperson Siebert asked Mr. Carriere to continue with the next agenda item, Report of the Grades & Standards Committee. Mr. Carriere stated that the Committee met earlier in the morning to discuss on-going studies and the budget for the coming year. He asked for a motion to give the Committee the authority to approve Grades & Standards proposals for the 2012/13 crop year. Mr. Zaffarano so moved; Mr. Moore seconded and the motion carried unanimously.

Mr. Carriere asked Mr. Eidsath to give a report of the ongoing projects and the proposed new projects for Grades & Standards. Mr. Eidsath stated that the current activities in food safety include the microbial wash tests being conducted at huller facilities. Fumigation activities include: the pending ban on sulfuryl fluoride - the public comment period has been re-opened until July 30th; the PPO validation by the FDA - an approval for a pasteurization protocol was just approved by FDA; the phosphine TASC grant which is entering its second year; and the SF/PPO disinfestation project which is ongoing at USDA/ARS.

Chairperson Norene asked Mr. Jack Gilbert to present the next agenda item, Report of the CWC Issues Management Committee. Mr. Gilbert stated that several members of the Committee traveled to Washington DC in early May for their annual trip. They visited USDA, EPA, the Senate offices of Barbara Boxer and Dianne Feinstein, and several California congressional offices. The main issues of discussion were the continuation of the MAP program, the farm bill, immigration reform and the need for a viable fumigant for the industry.

Mr. Gilbert asked Mr. Duane Lindsay to comment on the UN/ECE Report/Trip. Mr. Lindsay stated that we have been working with the UN/ECE Committee through Grades & Standards Committee for sometime on the inshell walnut standard. This year we have to move to the layout that has been put forth and adopted by the Committee. As a result of that, we have submitted our framework for that standard, as have France and Germany. The upcoming trip to Geneva for the UN/ECE conference will hopefully result in a cohesive standard and layout plan for inshell walnuts into the European markets.

Chairperson Siebert gave the report of the CWB Marketing Order Revision Committee. He stated that the Committee met the prior day to consider a number of changes to the marketing order in response to challenges that are taking place in the industry in regard to handler reporting. The Committee authorized staff to develop a ten-points document outlining the informal rulemaking changes that will be presented to the Board in September for their review. Mr. Balint commented that the additional handler reporting that the Committee is

requesting through informal rulemaking will include a change to one of the OMB forms that the Board uses to collect information on inventories.

Chairperson Siebert continued with the next several agenda items, as series of resolutions requiring Board approval. The first resolution was the authority for the CWB Executive Director to execute research contracts. Mr. Carriere made a motion to approve the resolution, Mr. Driver seconded and the motion carried unanimously.

The next resolution was the authority for the CWB Executive Director to execute Grades and Standards Research Contracts. Mr. Guerra made a motion to approve the resolution; Mr. Zaffarano seconded the motion and it carried unanimously.

The next resolution was the authority for the CWB Executive Director to execute Market Development and General Consultancy Contracts. Mr. Moore made a motion to adopt this resolution; Mr. Carriere seconded the motion and it carried unanimously.

The next resolution was the authority for the CWB Executive Director to execute USDA/FAS/CCC Agreements. Mr. Driver made a motion to adopt this resolution; Mr. Guerra seconded the motion and it carried unanimously.

The next resolution was the authority for the CWB Executive Director to execute research contracts with the Department of Pesticide Regulations. Mr. Frazier made a motion to adopt this resolution, Mr. Moore seconded the motion and it carried unanimously.

The next item was the authority for the CWB Executive Director to obtain outside legal counsel on personnel matters and on health communication. Mr. Driver made a motion to grant this authority, Mr. Guerra seconded the motion and it carried unanimously.

The next agenda item was the authority for the CWB Executive Director to obtain outside legal counsel to review general contracts. Mr. Carriere made a motion to grant this authority, Mr. Guerra seconded the motion and it carried unanimously.

Chairperson Norene introduced the next items pertaining to the CWC and requiring action by the Commission. Item T was the authority for the CWC CEO to execute Health Research Contracts. Mr. Lea made a motion to approve this authority; Mr. Graves seconded the motion and it carried unanimously.

Item U was the authority for the CWC CEO to Execute Market Development and General Consultancy Contracts. Mr. Martin Mariani made a motion to approve this authority; Mr. Lea seconded the motion and it carried unanimously.

The next item was the authority for the CWC CEO to Execute USDA/FAS/CCC Agreements. Mr. Ramos made a motion to approve this authority; Mr. Lea seconded the motion and it carried unanimously.

Chairperson Siebert asked Mr. Carriere to present the next item – the report of the CWB Budget and Personnel Committee. Mr. Carriere stated that the Budget and Personnel Committee met on May 1, 2012 and is recommending to the Secretary a 2012/2013 marketing year budget, based on a two-year crop average of 480,000 tons, of \$8,840,000. This equates to a Board assessment rate to the handlers of \$1.75 per hundredweight of shelled inspected product for the 2012/2013 crop year, unchanged from 2011/2012. Mr. Carriere made this recommendation in the form of a motion. Mr. Zaffarano seconded the motion and it carried unanimously.

Mr. Carriere presented the memo of understanding between the Board and the Commission which spells out the agreement between the two entities to share certain contracted services. The memo of understanding for 2012/2013 is in the amount of \$916,000 (adjusted for variances at year-end), which will be reimbursed to the CWB by the CWC for contracted services. On behalf of the CWB Mr. Moore made a motion to approve the CWB/CWC Memo of Understanding. Mr. Frazier seconded the motion and it carried unanimously.

Chairperson Norene presented the next agenda item, Report of the CWC Budget and Personnel Committee. The CWC Budget & Personnel Committee also met on May 1, 2012 and is recommending a budget of \$17,151,850 for the 2012/2013 marketing year which will result in deficit spending of \$2,241,333 to come from reserves. Mr. Crain made a motion to accept the 2012/2013 CWC budget as presented. Mr. Lea seconded the motion and it carried unanimously.

Mr. Martin Mariani made a motion to approve the resulting CWC assessment rate for the 2012/2013 crop year of .01 per inshell pound. Mr. Crain seconded the motion and it carried unanimously.

Chairperson Norene also presented the memo of understanding between the Board and the Commission. The memo of understanding is the same document presented earlier by Mr. Carriere. On behalf of the CWC Mr. Graves made a motion to approve the CWB/CWC Memo of Understanding. Mr. Crain seconded the motion and it carried unanimously.

Chairperson Siebert moved on to the next agenda item, CWC Referendum Update. Ms. Diaz stated that the proposal to increase the CWC assessment cap did not pass all the criteria required for approval. The maximum allowable assessment rate will remain at the existing level of .01 per inshell pound. The minimum criteria required by the Commission Law to increase the cap is 40% participation, more than 50% in support by volume and more than 50% support by number. The first two criteria were met, but the 50% support by number was not. Mr. Carriere asked what the waiting period is before the CWC can conduct another referendum on the assessment cap. Ms. Diaz stated that she believes it is a one-year waiting period.

Mr. Carriere asked Mr. Balint if we lose MAP funding as a result of the 2012 farm bill, how much time do we have before we can conduct another referendum to replace that funding. Mr. Balint stated that the CWC budget presented and approved today takes us through December 31, 2013. At that point we would have reserves estimated at \$7,000,000. In theory, that amount could continue the CWC for one year with cut backs to programs. If we conduct another referendum, using the same timing that we did for this past one, we could clear the way for an increase in assessments for the 2014 program, allowing us to maintain our reserves.

There was no Executive/Closed Session necessary. Chairperson Siebert stated that the time and the place of the next meeting of the Board and Commission will be determined by staff and the Chairpersons. Hearing no further business, Chairperson Siebert and Chairperson Crain adjourned the joint meeting at 12:23 p.m.

I HEREBY CERTIFY that the above is a full, true and correct copy of the minutes of the meeting held on June 7, 2012, in Rancho Cordova, California, by the Boards of the California Walnut Board and the California Walnut Commission



9/7/12

Date

Dennis Balint, Executive Director/CEO