

**California Walnut Board/
California Walnut Commission**

101 Parkshore Drive, Suite 250

Folsom, CA 95630-4726

(916) 932-7070

(916) 932-7071 Fax

info@walnuts.org

An Equal Opportunity Employer and Provider



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

**Thursday, June 6, 2013
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 9:35 a.m. on Thursday, June 6, 2013, 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
David Keyawa
Robert Driver
Jerry Moore
Donald Norene
Steve Zaffarano
Jack Mariani
Jim Frazier
Frank Guerra

CWB Alternates:

Lisa Warner
William Tos
John Kuster
Jack Gilbert
Kevin Wagner
Pete Turner
Bruce Beard

CWC Members:

Donald Norene
Todd Ramos
David Keyawa

Robert Driver
Jeb Headrick

CWC Alternates:

Vacant

Robert Lea
Carl Cilker

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

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

Board alternates Matthew Conant, Michael Petz and Lynn Morgan were absent. Commission members David Miller and Ray Perez were absent, as were Commission alternates Nacho Martin, Bert Crane and Lynn Morgan. For the Commission, Mr. Cilker sat in for Mr. Miller and Mr. Graves sat in for Mr. Perez. Also in attendance were Ms. Andrea Ricci of USDA/AMS and Ms. Kathy Diaz of CDFA.

Chairperson Siebert called for a motion to approve the minutes of the February 15, 2013, joint California Walnut Board/California Walnut Commission meeting. Mr. Frazier made a motion to approve the minutes as mailed. Mr. Guerra seconded the motion and it carried unanimously.

Chairperson Norene called for a motion to approve the minutes of the February 15, 2013, joint California Walnut Board/California Walnut Commission meeting. Mr. Ramos made a motion to approve the minutes as mailed, Mr. Wagner seconded the motion and it carried unanimously.

The next item on the agenda was the CASS Report given by Mr. Vic Tolomeo of CASS. Mr. Tolomeo stated that he would be discussing the impact of the sequestration on the reports that CASS provides for the industry. He indicated that the budget cuts resulted in the suspension of a number of programs including all non-citrus fruit, nut and vegetable forecasts and estimates; however, as long as the programs are funded by the industry, then they will continue. This means that for the walnut program, the annual walnut price survey that CASS normally conducts in the spring will not be done. The objective forecast, acreage survey and nursery survey will be conducted because the walnut industry provides the funding for those reports.

Hearing no questions for Mr. Tolomeo, Chairperson Siebert asked Mr. Jack Mariani, Chairperson of the CWB Market Development Committee, to present the committee report. Mr. Mariani stated that the Market Development Committees met jointly on April 30th to review programs and establish budgets for the coming year. The Committee is recommending to the Board a domestic marketing budget of \$5,328,000. But first, he presented the walnut shipments through April; the domestic shelled market is down slightly by just under 2% while the inshell market is up over 4%. The industry is reporting that retail sales are strong, but the industrial segment is down, mostly due to prices being higher than competing tree nuts. To that end, the Committee has discussed how to move more bulk shelled walnuts without sacrificing price. One area identified as a potential market is the foodservice industry and recently the Board conducted a walnut summit at the Culinary Institute of America to promote our product to chefs and foodservice leaders throughout the U.S. Mr. Mariani showed a video clip of the event at the C.I.A. which included chefs from *Bon Appetit*, Panera Bread, Sysco and other foodservice companies.

Mr. Mariani then asked Ms. Olmstead to continue with the domestic marketing activities. Ms. Olmstead showed a clip from *Better Homes & Gardens* magazine which featured a recipe for walnut milk developed by Aida Mollenkamp in its May 2013 issue. Other activities included our outreach to culinary professionals at the International Association of Culinary Professionals annual meeting. We had an exhibit featuring a Mollie Katzen recipe, conducted a cooking demonstration and held a media dinner to showcase new and interesting ways to use walnuts.

Ms. Olmstead stated that we have had a couple of large health studies publish this year; the PREDIMED trial in Spain and the Nurse's Health Study from Dr. Hu at Harvard. She showed some video and print coverage on the Harvard study, and a clip from Access Hollywood on breast cancer and diet which featured walnuts as a food to eat for prevention. We also

attended several trade shows including the International Congress on Vegetarian Nutrition, Pri-Med West, the Preventive Cardiovascular Nurses Association and the California and New York State Dietetic Associations.

Moving on to advertising and digital, Ms. Olmstead explained that we concluded the third phase of our Natural Defenders of the Human Body social media campaign. The first two phases were to grow our database and the last phase was to ignite the campaign by offering a sweepstakes with a \$10,000 cash prize. We were able to increase our Facebook fans by over 187 percent and double our Twitter followers. We also participated in Brunchweek, a virtual blogger event. Of the 32 bloggers that participated, 13 of them did special posts on walnut dishes.

In foodservice, in addition to the Culinary Institute of America event, we participated in Plate Night which is a networking event that *Plate* magazine puts on during the National Restaurant Association show. About 650 people attended the event and we had a table where walnut appetizers were served and staff interacted with the attendees. We conducted 18 on-camera interviews with attendees about how they like to use walnuts. Also, in response to the event at the C.I.A., Sysco has approached us to be involved in a promotion to 100 of their culinary associates in a recipe contest. The recipes will require the use of Sysco products and California walnuts; semifinalists will receive a trip to Napa to present their recipes at the C.I.A. where the winner will be announced. Also directly resulting from the event at the C.I.A., we are working on a promotion in conjunction with Guckenheimer Enterprises which will launch in October.

Ms. Olmstead then discussed the marketing plan highlights for the coming year. She indicated that the Natural Defenders advertising campaign was launched in January 2012 and last fall we conducted predictor research. The research showed that those who viewed the ad already had a high purchase intent for walnuts and the ad did not make them want to significantly purchase more walnuts. Ms. Olmstead stated that at higher levels of advertising spent, the resulting sales would not be as significant as we had hoped. For that reason the campaign has been pulled back in order to have the funds in place to do more market research and planning for the coming fiscal year. The steps to complete that include an attitude and usage study looking at 2,500 users and non-users; focus groups; creative development; advertising testing; and the launch of the campaign as early as December 2013.

In PR, Ms. Olmstead stated that the program is driven by our health awareness message. Some of the elements we continue to use are publicity of health studies, working with key spokespeople such as Dr. Roizen, Dr. Katz, Wendy Bazilian and others, and key partnerships with AHA, AICR, and HealthCorps. The Mediterranean diet also continues to generate a lot of media attention and we will be focusing on that at a media event we will conduct at the International Association of Culinary Professionals tradeshow in Chicago. For the foodservice program, Ms. Olmstead stated that we will be embarking on an advertising campaign this fall and working with our agency, Evans, Hardy & Young, to do a media relations program in the foodservice area. We also will be partnering with a chef consultant and conducting promotions with foodservice organizations throughout the year.

Mr. Mariani thanked Ms. Olmstead for her report. He made a motion on behalf of the CWB Market Development Committee for a 2013/2014 domestic marketing budget of \$5,328,000. Mr. Frazier seconded the motion and it carried unanimously.

Mr. Mariani turned the presentation over to Mr. Carl Cilker, Chairperson of the CWC Market Development Committee, for the export marketing presentation. The first order of business was for the CWC to give authority to the CWC MDC to review and approve health and nutrition research proposals. Mr. Martin Mariani made a motion to give the authority to the CWC MDC; Mr. Driver seconded the motion and it carried unanimously.

Next, Mr. Cilker stated that the CWC Market Development Committee met on April 30th in order to review export marketing activities for MAP year 2014. The Committee approved a MAP/QSP/EMP request for the 2014 program year of \$6.12 million with a Commission contribution of \$4.461 million. Mr. Cilker asked Ms. McNeil to give an overview of the program.

Ms. McNeil first gave a few highlights of recent marketing activities in the export markets. In Spain, the spring advertising campaign began in April; it focuses on taste and versatility. New creative was developed and tested in Korea with an emphasis on quality and origin; the target audience is the female head of household and the message is about trusting and choosing California walnuts. The ads are running in print, on-line and in stadiums. In Japan, the new campaign targets the core of our business there – the bakery sector. We have worked with the trade to develop monthly promotions of walnut bread and point of sales materials that will be available to all trade partners.

Ms. McNeil stated she had the opportunity to meet with Dr. Kasliwal in Delhi, India. He is the chief cardiologist and has an office in Medanta, one of two major private medical institutions in India. Ms. McNeil was fortunate to participate in a meeting for 350 of their leading cardiologists and hand out information in order to build our network of health professionals.

Ms. McNeil stated that we recently submitted our MAP application for 2014. The program scope includes new emerging markets and we focused on India and Turkey, as well as our growth markets of Korea and China, and our mature market programs for Spain, Germany and Japan.

We are still waiting for market access for India; meanwhile, Ms. McNeil provided a brief overview of the market which consists of a population of 1.3 billion. Our true target is the 200 million in the middle class. The peak period of walnut consumption is September through January – the key festival season in India. The retail sector is valued at \$435 billion. Predominant walnut usage is 85% retail, 10% foodservice and 5% industrial. The market potential is expanding as the middle class is expected to grow to 267 million by 2016 and there is increasing exposure to international products and Western lifestyle. Market research conducted in India indicates that 72 percent have purchased walnuts in the past year - 2.5 times annually for shelled and 2.7 times annually for inshell in New Delhi. The benefits associated with walnuts include good source of antioxidants, good for weight management and may reduce the risk of heart disease. Awareness of omega-3 was slightly low at 17% so outreach will be needed to increase those numbers. The plan for the marketing program in India is to include heavy emphasis on trade to increase distribution at all levels – importers, distributors, retailers, and manufacturers. These efforts will be coordinated through retail and tie-in activities and will include public relations efforts to educate and improve awareness of the healthy message.

In Turkey, Ms. McNeil stated the market overview indicates that, of the population of 74 million, 78% are younger than 30; 40-45% are estimated to be middle class. The average household expenditure on food and beverage is 23%. The retail sector is valued at \$187 billion and is expected to reach \$250 billion by 2014. Market research shows that 84% of consumers purchased walnuts in the past year; inshell were purchased 4.69 times and shelled 4.77 times in the past year. The health attributes of walnuts was cited by 67% as the reason for purchasing. Top usages were home baking, snacking and as a healthy addition to the diet. Origin awareness of California walnuts was low with 89% of consumers not knowing the origin of the walnuts they purchase. Trade research shows that the trade awareness of California origin is high and favorable; however, consumer awareness is low at 6%. Trade estimates vary for walnuts consumed in the market from 60 to 95%. Demand continues to grow at 10 to 25% per year with consumption being driven by the health message. Our program is heavily focused on health benefits and origin communications. The key media activities to be conducted are to

raise awareness of health attributes. There is a heavy emphasis on the trade side promoting origin through retail packaging.

In Korea, bakery confection and retail continue to be the mainstay of our business in the market. Key to development of the program in the coming year will be advertising, public relations and social media directed at consumers and in-store demonstrations. In China, our core sectors continue to be bakery and retail. In the coming year, we are going to regionalize some of our trade-based activities, including bakery and retail promotions, as well as trade competitions. Direct consumer activities will be focused through public relations outreach.

Mr. Cilker thanked Ms McNeil for her report. Mr. Wagner made a motion for approval of the MAP/QSP/EMP request for the 2013/2014 program year of \$6.120 million with a CWC contribution of \$4.461 million as presented by the Market Development Committee. Mr. Graves seconded the motion and it carried unanimously.

Mr. Martin Mariani made a motion to approve the domestic portion of the CWC MDC budget for the 2013/2014 marketing year of \$2,667,950. Mr. Graves seconded the motion and it carried unanimously.

Chairperson Siebert asked Mr. Keyawa to present the next agenda item, report of the Intra Industry Communications Committee. Mr. Keyawa stated that the Committee met the day prior to discuss the upcoming grower survey that will be conducted during the summer. The survey is being conducted to find out what the grower's know about the CWB/CWC and what the CWB/CWC can do to improve communications with them. The current grower's list as collected and maintained by our third-party CPA firm, Gilbert Associates, has approximately 4,100 names and addresses; of those, about 1,900 of those include phone numbers and 500 include email addresses. The market research company has recommended offering incentives for completion of the survey in order to get good participation; the Committee approved incentives for the grower survey, including, but not limited to, a grand prize of an off-highway vehicle (OHV) and smaller incentives of gift cards.

Mr. Keyawa stated that the Committee also discussed a recipe contest that is running through July 15th. Details will be on the website and in the upcoming print newsletter. The winner will receive a \$500 American Express gift card and the recipe will be featured in the Fall newsletter. Also, walnut neckties are now available; order forms are available from the CWB.

Chairperson Siebert asked Mr. Moore to give the report of the Production Research Committee. Mr. Moore stated that the Committee met on March 22nd to review and approve projects that had been presented to them during the annual walnut conference in Bodega Bay in January. Mr. Moore gave a brief overview of the Committee which is made up of seven members; two from the south valley, two from the central valley, and three from the north. The Committee is also assisted by the Production Research Advisory Council (PRAC) which consists of four working groups: plant pathology, genetic improvement, orchard management and entomology. Each of the working groups consists of a chair and co-chair who are farm advisors and growers. Board member Bill Carriere has been the co-chair of the genetic improvement working group since its inception in 2005; recently, he stepped down from the position. Mr. Moore thanked Mr. Carriere for his service and stated that Mr. Brian Blain has been appointed by the Committee to be the new co-chair of the genetic improvement working group.

At the March 22nd meeting, Mr. Moore stated that the Committee reviewed 24 proposals and approved 18 of them, four from plant pathology, three from genetic improvement, six from orchard management, and five from entomology, for a total of \$1,099,797. At their March 22nd meeting, the Committee also reviewed the walnut breeding program; Dr. David Neale has agreed to come on board as the academic walnut geneticist breeder, working with Chuck Leslie.

Dr. Neale and Mr. Leslie will be developing a five-year plan to bring molecular breeding to full application in the walnut breeding program. The Committee recommended a 2013/2014 production research budget of \$1,500,000.

Chairperson Norene made a motion to approve the recommended Research Committee budget of \$1,500,000 for 2013/2014. Mr. Driver seconded the motion and it carried unanimously.

Chairperson Siebert asked Mr. Balint to discuss the next agenda item, Endowment. Mr. Balint stated that a year ago, the Board approved the first \$500,000 to expand the walnut breeding program endowment that was established in 1995. The \$500,000 was the first of two installments; we have not made the first payment because there were concerns about the future of the breeding program. Now that Dr. Neale is on board to lead the program, we will move forward. We will be asking for slight modification in the language of the original endowment which outlines the succession of moneys; in the event that the breeding program at UC Davis were to cease, then the funds would be transferred to any other breeding program for walnuts within the system. We are going to ask for language to include health research so that if all else fails, and for some reason the UC system did away with all research on walnuts, then health and nutrition research would be the benefactor of the endowment.

Mr. Carriere made a motion to approve the second installment of \$500,000 to the endowment. Mr. Driver seconded the motion and it carried unanimously.

The next order of business was the authority for the Production Research Committee to approve production research proposals. Mr. Carriere made the motion to grant the authority; Mr. Frazier seconded the motion and it carried unanimously.

Chairperson Siebert asked Mr. Eidsath to discuss the next agenda item, Nitrates in Drinking Water. Mr. Eidsath stated that about a year ago, UC Davis released a study called Nitrate Report. In that report, they confirmed that some areas of California have nitrogen concentrations in the ground that far exceed the national standard for drinking water. They concluded that 95 percent of this nitrate contamination originates from agriculture and livestock practices in the state; tree nuts account for 5 percent. As expected, this report spawned some legislation and regulations, one that will impact our industry – Representative Monitoring. This will require that each commodity develop field tests to see if the best practices for fertilizer use is contaminating the groundwater with nitrates. The CWB began a study in April that is expected to continue for four years; it will look at Chandler and Tulare orchards in three different regions. We will be looking at the way nitrogen travels through the root zone and up into the tree, leaves and the walnuts.

Chairperson Siebert thanked Mr. Moore and Mr. Eidsath for their reports and moved on to the next agenda item, Report of the CWB Grades & Standards Committee. Mr. Carriere, Chairperson of the Committee, reported that the latest meeting was held on April 18th to discuss a variety of issues, including the UNECE brochure, FSMA and market enforcement.

Mr. Moore made a motion to give the CWB Grades & Standards Committee the authority to approve G&S proposals. Mr. Guerra seconded the motion and it carried unanimously.

Mr. Carriere stated that the Committee approved a budget recommendation for 2013/2014 of \$750,000 and he put that recommendation in the form of a motion to the Board. Mr. Zaffarano seconded the motion and it carried unanimously.

Mr. Carriere then discussed the huller GMP training and inspections. He stated that hullers are encouraged to have inspections by DFA as part of the program. Also, DFA is holding two regional meetings in the state for GMP training. Mr. Carriere asked Mr. Eidsath to report on

the next two agenda items, Review Progress of Phosphine and SF/PPO and Report on becoming a Substandard Walnut Buyer.

Mr. Eidsath stated that the phosphine and SF/PPO projects are in the second of three years. Phosphine is a methyl bromide replacement; the funding comes from USDA and the work is being conducted in Parlier. They are using a chemical called Vaporphos that is showing good results at egg kill, however, more work needs to be completed before commercialization. The SF/PPO study is also being conducted as a methyl bromide replacement; unfortunately, PPO residues are a problem throughout the world markets. We are working with the registrant to get the residue listed on the Codex MRL list.

Mr. Eidsath mentioned that recently there have been some inquiries as to how one becomes an approved substandard outlet with the California Walnut Board. There is an application that is very simple to complete. The rules are well established in the marketing order – first, the product has to be mixed at the address that is indicated on the application, and second, it has to be within California. The substandard outlet cannot send out product that is unprocessed.

Chairperson Siebert asked Mr. Kulkarni to report on the next agenda item, Activities to Prevent Walnut Theft. Mr. Kulkarni gave a presentation on cargo theft, specifically fictitious product pick-ups and what steps we can take to protect ourselves from theft. He mentioned a theft in February that was traced back to a Russian-Armenian cargo theft syndicate in the greater Los Angeles area that is also responsible for thefts of tobacco, alcohol and electronics. A number of ordinances have been passed in northern counties to prevent orchard theft; the ordinances require proof of ownership and signature from the grower as well as a designated selling period. Tulare, Butte and Glenn counties all have passed such ordinances, with Colusa and Tehama counties proposing similar ordinances.

Mr. Kulkarni explained the scope of cargo theft in the U.S. The FBI estimates about \$15 to \$30 billion lost each year to cargo theft; food and beverage accounts for 20 percent of that. California has the most losses, about 30 percent of the total. Mr. Kulkarni then explained how the syndicates work – they monitor online trucking bulletin boards and when a broker puts out contracts, they decide what is a lucrative cargo. Some have made offers to the broker using fraudulent papers, stolen company names and logos. If they acquire the contract, they will come, take the delivery and disappear. The reason it works is because they use legitimate company names, typically stolen from a website. They will change the contract numbers on the forms and use prepaid phone numbers that link to individuals who pose as drivers, insurance company reps or dispatch. Also, the drivers who pick up product often have fake or stolen IDs and the trucks have DOT or California license plates that have been stolen from truck stops.

Mr. Kulkarni stated that some of the things handlers needs to be aware of are temporary DOT number placards, poorly maintained trucks and equipment, sudden changes in pick up times, lack of GPS unit, and cold calls offering trucking service for the cheapest rates. Some other safeguards handlers can take are to cross-check the DOT numbers, contact information and address of the company. Also, a portable unit that scans an ID costs about \$100; however, sometimes the drivers us stolen IDs, so a thumbprint can be requested. If a driver refuses to give a thumbprint, that is a red flag. If a handler has any suspicion about a cargo or trucking company, they should contact the CHP.

Chairperson Norene thanked Mr. Kulkarni for his report and asked Mr. Gilbert to give the update of the Issues Management Committee. Mr. Gilbert stated that since he was unable to attend the recent Committee trip to Washington D.C., he would ask Mr. Balint to give the report. Mr. Balint stated that the Committee visited Washington D.C in early April. The items on the agenda were: MAP, the Farm Bill, sulfuryl fluoride, methyl bromide, immigration reform, the India protocol, and the acceleration of the duty for Korea. Mr. Balint gave a brief overview of the

meetings with members of Congress and staff in Washington. In regard to India, he asked Mr. Eidsath to comment on the protocol.

Mr. Eidsath stated that the protocol sent from India for the phyto-sanitary certificate had methyl bromide NAP for 24 hours at 70 degrees or above. We have phytos for Korea and Japan using methyl bromide under less restrictive fumigation time and temperatures. We also advanced four other protocols – two methyl bromide, one NAP and one that duplicates the Korean inshell phyto-sanitary under vacuum. On the quarantine pest list, they did not offer up codling moth; they had navel orangeworm and other pests. We have good efficacy data from Spencer Walse's trials on navel orangeworm with sulfuryl fluoride. We offered up two protocols for SF based on the fact that they did not have codling moth. We have to wait to see if they pick one or more than one.

Mr. Balint continued with the next agenda item, Changes to Commission Law to Define Accumulator. He indicated that USDA/AMS has determined that accumulators are to be treated as growers; the question is now should the Commission law be revised to the same definition and to impose certain requirements as growers, namely payment of assessments. Mr. Driver asked how an accumulator can be defined as a grower. Mr. Balint explained that they acquire product from growers, they are not handlers and they are not putting product into commerce. They are selling the accumulated product to handlers. He also stated that the accumulators will need to be able to show who they purchased from and how much they purchased. He is not looking for action at this time but wanted to provide information for the Commission to make a decision at a later date.

Mr. Balint continued with the next topic, Bryant Christie MRL Tracking Contract Alignment. Bryant Christie is an organization that is engaged in the foreign ag service and MAP, providing a service to small organizations that do not have their own staff on small market development programs and MAP grants. They monitor databases in dozens of small countries so that we can access MRLs and not have to do the work ourselves.

Mr. Balint asked for Commission approval to enter into a contract with Bryant Christie to provide these services through August 31, 2014, which will put us on a fiscal cycle. Chairperson Siebert so moved, Mr. Martin Mariani seconded the motion and it carried unanimously.

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

The next resolution was the Recommendation for the Approval of the Secretary a Compliance Plan for the 2013/2014 Marketing Year and Authorizing the Executive Director to make Controlled Buys and Other Field Activity. Mr. Carriere made a motion to adopt the resolution, Mr. Guerra seconded and the motion 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. Carriere made a motion to grant this authority, Mr. Frazier 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. Frazier 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 S was the authority for the CWC CEO to execute Health Research Contracts. Mr. Graves made a motion to approve this authority; Mr. Crain seconded the motion and it carried unanimously.

Item T was the authority for the CWC CEO to Execute Market Development and General Consultancy Contracts. Mr. Crain made a motion to approve this authority; Chairperson Siebert seconded the motion and it carried unanimously.

The next item was the authority for the CWC CEO to Execute USDA/FAS/CCC Agreements. Mr. Wagner made a motion to approve this authority; Mr. Cilker 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 April 30, 2013 and is recommending to the Secretary a 2013/2014 marketing year budget, based on a three-year crop average of 486,000 tons, of \$10,166,860. This equates to a Board assessment rate to the handlers of \$1.89 per hundredweight of shelled inspected product for the 2013/2014 crop year. Mr. Frazier made a motion to approve the CWB budget and assessment rate for 2013/2014 as presented by Mr. Carriere. 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 2013/2014 is in the amount of \$976,500 (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. Driver made a motion to approve the CWB/CWC Memo of Understanding. Mr. Moore 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 April 30, 2013 and is recommending a budget of \$17,977,633 for the 2013/2014 marketing year which will result in deficit spending of \$2,696,362 to come from reserves. The budget amount will result in a 2013/2014 CWC assessment rate of \$.01 per inshell pound. Chairperson Norene made the recommendation in the form of a motion to adopt the CWC budget and assessment rate for 2013/2014. Mr. Martin Mariani 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. Chairperson Norene made the recommendation in the form of a motion to approve the

CWB/CWC Memo of Understanding. Mr. Cilker seconded the motion and it carried unanimously.

Chairperson Siebert moved on to the next agenda item, Report of the CWB Marketing Order Revision Committee. He stated that the Committee met the prior day via teleconference to discuss the issue of the walnut receipts number that appears on the monthly management report (shipment report). The Committee, after much discussion, recommended continuing to report that number.

Ms. Steindorf presented the next agenda item, Election Update. She indicated that the CWB ballots have been received, tallied and verified by Andrea Ricci at USDA/AMS. Ms. Ricci will contact the nominees to collect the questionnaire that must accompany the report to the Secretary. Once the questionnaires have been completed and the results are approved by the Secretary, we can announce the election results. The CWC election is in the certification phase. The nominees are certified by our CPA firm, Gilbert Associates, before the ballots are mailed. Ballots will be mailed at the end of June with a voting period of July 1-31. The ballots are returned to CDFA for counting and certification. The CWC election results will be announced in August.

Mr. Balint discussed the next agenda item, CWB Referendum Update. He reminded the Board that we must conduct a mandatory continuation referendum in April 2014. The grower survey that Mr. Keyawa spoke about earlier will help us determine the best ways to reach out to growers.

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 at this same location on September 13, 2013. Hearing no further business, Chairperson Siebert and Chairperson Norene adjourned the joint meeting at 11:40 a.m.

I HEREBY CERTIFY that the above is a full, true and correct copy of the minutes of the meeting held on June 6, 2013, in Rancho Cordova, California, by the Boards of the California Walnut Board and the California Walnut Commission



7/19/13

Date

Dennis Balint, Executive Director/CEO