



CALIFORNIA WALNUT COMMISSION

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CALIFORNIA WALNUT COMMISSION MEETING MINUTES

Friday – September 12, 2008

Marriott Hotel

Rancho Cordova, California

The California Walnut Commission met on Friday, September 12, 2008 at the Marriott Hotel in Rancho Cordova, California. Chairperson Keiper called the meeting to order at 1:00 p.m. Mr. Balint called the roll and informed the Board that a quorum was present. The following members and alternates were present:

Members:

Jim Hudson
David Keyawa
David Miller
Robert Driver

Sharon Hertlein
Charles Crain
Ren Fairbanks
Sam Keiper
Jack Mariani
Jerry Siebert

Alternates:

Carl Cilker
Bill Tos
Bert Crane

Bill Carriere
Jack Gilbert
Marty Mariani

Commission Members Peter Jelavich, Jeb Headrick and Jerry Moore were absent. Mr. Crane sat in for Mr. Headrick.

Also in attendance were Mr. Duane Lindsay, CWC Technical Advisor; Dr. David Ramos, CWB Research Director; Ms. Carol Berg-Sloan, CWC Nutrition Consultant; Mr. Bob Maxie and Ms. Janet Wong of CDFR.

The first order of business was the approval of the minutes of the May 28, 2008, Commission meeting. Mr. Crain made a motion to approve the meeting minutes as mailed. Mr. Mariani seconded and the motion carried unanimously.

Chairperson Keiper asked Mr. Crain to give the report of the Market Development Committee. Mr. Crain stated that one of the main topics discussed was whether to spend \$595,000 of Commission funds appropriated as part of the total domestic marketing program. He pointed out that the Committee reviewed updated Predictor data and decided that due to the weak economy coupled with the higher price of walnuts a recommendation for the use of the funds would not be made to the Commission. Mr. Crain mentioned the Farm Bill was funded and approved in June. The 2008 CWC allocation of MAP funds received was in the amount of \$4,896,474 and the 2009 MAP funding notification would be announced when received.

Ms. McNeil then gave an overview of the export markets. In Japan a press luncheon was conducted with Chef Frittoli who introduced a menu of walnut items to the press during a multi-course luncheon. Seika Seipan, a confectionery and baking publication, featured several

applications of walnut items in their August issue. Mainichi Shimbun, a national newspaper, mentioned the benefits of ALA in walnuts resulting in significant media impressions. There will also be some activity in the fall through the Pompadour tie-in promotions ad and the Aeon Deli promotion introducing two new salads featuring walnuts. We will also participate in the Society of Nutrition & Dietetics Annual Conference.

In Korea, activities included PR values in media impressions over five million, one television program, 7 articles in daily newspapers, and 96 articles in consumer print magazines. Our 15th New Product Development Competition was held in June. In the trade section we continue to look at ways to diversify and modify product offerings by working with recipe developers to create recipes specifically for the bakery and café industry.

The program in China will begin in October 2008. As we begin the program, a market industry evaluation is being conducted concentrating on consumer perceptions and a technical guidebook is being developed showing product uses. Ms. McNeil stated that seminars will also be conducted for the media, consumers as well as the technical industries.

Ms. McNeil introduced Ms. Getz who continued discussing the export market programs in Germany, Spain and Canada. In Germany, we plan to run 27 print ads with a total circulation of 5.2 million. A point-of-sale recipe brochure was created for consumers which we hope to place with retail leaders like Edeka, Aldi and Rewe. This will kick off the holiday season beginning in October and run through the end of the year. Ms. Getz also mentioned a tool which was developed for health professionals and consists of a magnet board depicting 40 different food categories and will assist teaching patients about the types and amount of fatty acids contained in different foods.

In Spain we participated in Heart Week in Madrid which was organized by the Spanish Heart Foundation and the Spanish Society of Cardiology. A nutritionist presented workshops for children to teach them about healthy eating as well as provide information on easy-to-make meals. The Menus with Heart Campaign was conducted in five major cities in July. This brought together cardiologists and chefs to discuss the benefits of the Mediterranean diet at five well-known restaurants. Our website in Spain is being updated with new content and will include publishing press releases, recent events, a new trade section, nutrition information as well as a section on Menus with Heart. Ms. Getz mentioned we missed an opportunity for product placement on television due to late funding relating to the Farm Bill. As a result we will perform in-store advertising which will be placed in ECI, Eroski & Cabrabo. In November and December we will do some print advertising in newspapers, magazines and various Sunday papers throughout Spain.

Ms. Getz spoke about Canada mentioning a Wellness Today Supplement published in both English and French. She said media coverage in Canada has resulted in over 85 million impressions. We passed out 12,000 recipe brochures at an in-store demonstration with California Figs at 82 Sobeys East Supermarkets. At this demonstration we created two walnut and fig recipes for sample. Ms. Getz said we have some new products in Canada such as a cranberry walnut salad at Burger King, an orange cranberry walnut cake at Bread 'N Buns Factory and Walnut Raisin Rolls at A&P which is one of Canada's third largest grocery retailers. Upcoming activities will consist of hosting a technical seminar at Guelph Food Technology Center, participating at a Superfood Symposium, planning a fall foodservice promotion, launching a foodservice newsletter and distributing new a recipe booklet.

Ms. Getz turned the presentation back to Ms. McNeil. Ms. McNeil stated our UES application for 2009 has been submitted. She said the application process begins again in May for 2010. Ms. McNeil then spoke about the domestic marketing activities. She said we continue to conduct outreach to health professionals predominantly through journals such as the American Journal of Lifestyle Medicine, Journal of the Physician Assistants, and Today's

Dietitian. We also reach out to the consumer with advertisements in Diabetes Forecast and Today's Diet & Nutrition. Ms. McNeil mentioned a recipe inclusion in Costco's special edition publication which will be released the day after Thanksgiving. We also have may have an opportunity to work with Prevention Magazine whose book, *Flat Belly Diet*, talks about good fat. When the book is available in bookstores, we will conduct a satellite media tour and are guaranteed placements on the national news, Fox, the internet and radio during its launch in October. She mentioned our online advertising would continue through the holiday season with placements in Cooking Light and myrecipes.com. Post holidays we will start advertising on RealAge.com with a one month sponsorship and a Tip-of-the-Day e-mail going out as well as target emails, an e-newsletter and banner advertising.

Mr. Balint reported on agenda item E, Issues Management Committee Report. Mr. Balint mentioned making two trips to Washington to discuss communication issues as it relates to products developed and shared by both the Board and Commission and distributed at trade shows, conferences. Mr. Balint met with the FTC, FDA and USDA/AMS. He said the FDA confirmed we are the first whole food ever to get a health claim however there was not an opportunity to address other issues during the meetings.

Mr. Balint then spoke about UN/ECE. He stated the Issues Management Committee met with AMS regarding the UN/ECE standards during their trip to Washington, DC. The Committee was told we were in a test and that we disqualify a significant amount of product, \$30 million of our inshell during one year, and that the test could not be reversed. Mr. Balint said this prompted us to take a different approach and formed a team consisting of Mr. Duane Lindsay, Mr. Dan Haley and Mr. Dave Priester. Mr. Balint introduced Mr. Lindsay to comment on this subject. Mr. Lindsay mentioned we contacted the French Delegation who also does not want a change in the grade standard. He said Dr. Bickelman attempted to change the layout as well as the tolerance levels on walnuts which would result in the financial loss to the industry that Mr. Balint mentioned earlier. Turkey and Italy voted against the standard change and we were able to discontinue the test and retain the 2001/2002 standard currently in place. Mr. Lindsay went on to mention the French do not favor the black kernel on the color chart. We are obtaining black kernels for them to review. These kernels will have to appear on the chart so this commodity can be moved.

Chairperson Keiper introduced Mr. Martin Mariani to present agenda item F, Audit Committee Report. Mr. Mariani stated the report was given at the Board meeting earlier in the day and gave a brief overview saying the newly organized Audit Committee met on July 15 and adopted its Charter and Statement of Purpose and asked for the Commission's approval.

Mr. Driver made a motion to approve the Charter and Statement of Purpose. Mr. Fairbanks seconded and the motion carried unanimously.

Agenda item G, Health Research Report – Recent Activities. Ms. Sloan pointed out this agenda item was discussed during the Board meeting earlier in the day. Ms. Sloan asked for questions, there were none.

Chairperson Keiper moved to agenda item H, Review of California Walnut Commission Budget and Assessment Rate for 2008/09 Marketing Year. Mr. Balint stated that instead of a projected year end deficit of approximately \$1.5 million, which was approved in May, a surplus of \$122,000 is now anticipated. This change is due to the domestic program being reduced (by eliminating Predictor activities) coupled with the larger crop number, which should increase income from approximately \$6.4 million to \$7.5 million. He pointed out that the assessment rate is being pegged against the previous year's crop, and this assists in maintaining a workable reserve level.

Chairperson Keiper asked for a motion to approve the Commission budget as presented. Mr. Jim Hudson so moved. Mr. Chuck Crain seconded. The motion carried unanimously.

Chairperson Keiper moved to agenda item I, CDFA Oversight. Mr. Balint pointed out this agenda item was discussed during the Board meeting earlier in the day and mentioned we have been following MAP regulations for 21 years which has worked well in governing processes.

Chairperson Keiper asked Mr. Balint to continue with agenda item J, Update on Commission Referendum. Mr. Balint mentioned that due to a printing error on the part of the State's printing office the Commission referendum had to be voided and will be rerun sometime toward the end of March 2009.

Chairperson Keiper asked for a motion to move forward with the referendum in the Spring of 2009. Mr. Mariani so moved. Mr. Driver seconded. The motion carried unanimously.

Chairperson Keiper proceeded to agenda item K, USDA Block Grants. Mr. Balint pointed out this agenda item was discussed during the morning Board meeting however restated that a meeting was held with Secretary Kawamura a few weeks ago to discuss the initial phase of the grant. Mr. Balint stated there were \$14 million in proposals submitted by other commodity groups and institutions and we haven't received feedback on what we can do to improve our proposal or where our proposal stood relative to others submitted. He stated second and third phases are coming up in October however no further information is available. Secretary Kawamura has offered to assist in obtaining some information.

Chairperson Keiper moved to agenda item L, Other Business. There being no other business the meeting proceeded to the last agenda item M, Time and Place of Next Meeting. Mr. Balint stated the next California Walnut Commission meeting will take place in Monterey CA, the date and time will be announced at a later date. There being no other business the meeting was adjourned at 2:10 p.m.