



**CALIFORNIA WALNUT COMMISSION**

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**CALIFORNIA WALNUT COMMISSION  
FALL MEETING  
MINUTES  
Friday - September 14, 2007**

The meeting of the California Walnut Commission was held on Friday – September 14, 2007 at the Radisson Hotel in Sacramento, California. The meeting was called to order by Chairperson Earl Lindauer at 10:00 a.m. The roll was called by Mr. Dennis A. Balint. Mr. Balint advised Chairperson Lindauer that a quorum was present. The following members and alternates were present:

<u>Members</u>	<u>Alternates</u>
Jim Hudson	Bruce Lindauer
Peter Jelavich	William Waggershauer
David Miller	William Tos
Robert Driver	Bert Crane
Sharon Hertlein	Phil Short
Charles Crain, Jr.	Vacant seat
Ren Fairbanks	William Carriere
Sam Keiper	Jack Gilbert
Jack Mariani	Martin Mariani
Jerome Siebert	

CWC members Mr. David Keyawa, Mr. Jeb Headrick and Mr. Jerry Moore were absent. CWC alternates Mr. Donald Norene, Mr. Carl Cilker, Mr. Lee Swall and Dr. Janet King were also absent. Others in attendance included Janyce Wong of CDFA and CWC staff members Dennis Balint, David Stefani, Heather Dohono, Michelle McNeil, Carol Berg-Sloan, Duane Lindsay and Dana Steindorf. In Mr. Keyawa's absence, Mr. William Waggershauer was seated on the board, as was Mr. Bert Crane in Mr. Jeb Headrick's place.

The first order of business was approval of the minutes from the July 19, 2005 meeting. Mr. Keiper made the motion to approve the minutes. Mr. Jelavich seconded and the motion carried unanimously.

The next item for discussion was appointment of a public member and alternate to the CWC. Mr. Keiper nominated Dr. Jerry Siebert as public member and Dr. Janet King as the

public alternate. Chairperson Lindauer called for a vote to nominate Dr. Jerry Siebert as public member and Dr. Janet King as public alternate and the nomination carried unanimously.

Chairperson Lindauer proceeded to the appointment of Chairperson and Vice-Chairperson of the Commission. Mr. Driver nominated Mr. Sam Keiper and Mr. Jelavich nominated Mr. Jack Mariani. Mr. Mariani elected to withdraw at this time. Chairperson Lindauer called for a vote to nominate Mr. Keiper as Chairperson of the Commission and the nomination carried unanimously.

Chairperson Keiper thanked Mr. Earl Lindauer for his service as Chairperson of the Commission during the last term. Chairperson Keiper proceeded to welcome the new members of the Commission and moved on to the next agenda item and called for nominations for Vice-Chairperson.

Mr. Jack Mariani nominated Mr. Chuck Crain. There being no other nominations Chairperson Keiper called for a vote and the nomination of Mr. Chuck Crain for Vice-Chairperson carried unanimously.

The meeting proceeded to the next order of business, appointment of the Handler Alternate to Mr. Crain. Mr. Jack Mariani nominated Mr. Bill Crain. There being no other nominations Chairperson Keiper called for a vote and the nomination of Mr. Bill Crain for Handler Alternate carried unanimously.

Chairperson Keiper asked Mr. Balint to expound on the next agenda item, appointment of Secretary, since it is a new position to the Commission and Board. Mr. Balint explained we were asked to add a Treasurer and Secretary. He said the Secretary's responsibilities are to review communications such as meeting schedules and meeting minutes and to keep oversight on the recordkeeping of the Commission in general. He further explained the Treasurer would review expense reports, checks and other financial documents on a quarterly basis. In May, the Commission appointed Mr. Martin Mariani as Treasurer.

Chairperson Keiper proceeded to call for nominations for Secretary of the Commission. Mr. Driver nominated Mr. Jerry Moore. There being no other nominations Chairperson Keiper called for a vote and the nomination of Mr. Jerry Moore for Secretary of the Commission carried unanimously.

Chairperson Keiper proceeded to agenda item H, Designation of Committees by asking Mr. Balint to give an overview. Mr. Balint explained that direction from the Commission is needed to delegate responsibility of committees. Mr. Jelavich made a motion to designate the committees, directing staff to work with the Chair and Vice Chair. Mr. Crain seconded and the motion carried unanimously.

Chairperson Keiper stated that there were two individuals who had expressed interest in serving on the audit committee, Mr. Bob Lea and Mr. David Skinner. Mr. Balint explained that the auditors have recommended that the members of the audit committee do not serve in any other capacity on the Board or Commission. Mr. Driver made a motion to nominate Mr. Bob Lea and Mr. David Skinner as members of the Audit Committee, Mr. Mariani seconded the motion and the motion carried unanimously.

Ms. McNeil proceeded with agenda item I, Market Development Committee Report. Michelle reminded everyone that in order to meet USDA standard the marketing year is now a calendar year running from January thru December which overlaps the fiscal/crop year. She gave an overview of the Active Export Market shipments (see presentation attached).

Ms. McNeil spoke about the export market in Germany which included a piece in a large grocer's calendar as well as reaching out to retailers and the baking industry with brochures focusing on recipes that include California Walnuts. She mentioned conferences attended geared toward nutrition and dieticians who educate their patients/consumers on the health benefits of California walnuts and an amateur cooking contest with the finals taking place in South Africa later in September.

Ms. McNeil moved on to Spain pointing out various campaigns taking place that entail working with cardiologists, chefs and the Spanish Heart Foundation in an effort educate consumers about the health benefits in adding walnuts to their diet.

In Korea, inshell market efforts are taking place with in-store demonstrations that include providing nutrition information, product samples as well as inshell walnut openers. Consumer cooking classes are also taking place.

In Japan, Project 21 is continuing in the Tokyo region as well as a television campaign utilizing an ad which focuses on the "walnut effect". She mentioned a tie-in of walnuts with KUME Natto, which is fermented soybeans and considered a healthy traditional food. Ms. McNeil stated we cooperated with KUME Natto on menus, packaging, advertising and recipe development. A walnut sweepstake was also conducted for tsukudani which received 16,000 applications.

Ms. McNeil moved on to discuss activity in Israel which included publishing a new walnut cookbook showcasing California walnuts as well as a radio campaign that produced advertising awareness, purchase intent and an increased use of walnuts.

In Canada, the second installment of the new product development competition produced several winning products. Ms. McNeil spoke about working with the wine industry at a trade tasting consumer event as well as being featured in some food tasting photo ops.

Ms. McNeil then briefly covered health claims and EU and EC regulations in Germany relative to what can be said on products and packaging regarding its benefits. She mentioned we are working with a lawyer as well as a nutrition team to develop our application for health claims.

Ms. McNeil moved on to the 2007/2008 timeline and mentioned we should receive word on the UES funding for the 2008 year in November/December pending the Farm Bill. She said that we will exercise prudence in our planning for the coming year given our current supply situation. She also mentioned the CPR is due in March and that the Market Development Committee should plan on meeting in February to prepare for the 2009 UES application which is due in May.

Ms. McNeil gave a brief report on the trip to China in July of 2007. She stated she was accompanied by Mr. Peter Jelavich and Mr. Steve Sibbett and traveled to Beijing, Hunan and Shanghai. They observed orchard management and mentioned that hand labor is still being utilized. She stated China continues to decrease their exports and will only export if the demand is high and it is profitable. Ms. McNeil presented some marketing numbers stating the trend is driven by consumer's increased preference for baked goods. She also stated the government promotes planting with financial incentives.

Mr. Keiper proceeded to the next agenda item J, Issues Management Update. Mr. Balint gave an overview of the annual trip to Washington DC by the Issues Management Committee.

He mentioned the key issues discussed during the meetings were the Free Trade Agreement with Korea, the new Farm Bill, issues within MAP, CASS and block grants. He said the Free Trade Agreement with Korea had a favorable outcome which included a six-year phase out of the shelled duty to zero. He said the next steps will be to have our House and Senate approve it as well as the Korean government, however, it has not moved onto the Senate floor. Korea is waiting for the U.S. and consequently it is stalled in Korea as well. Mr. Balint also mentioned discussions included block grants being administered by USDA which would allow state, city, county and private enterprise to apply. He said currently it is a waiting game until the House acts on the Farm Bill. There was some discussion about the Free Trade movement and Mr. Balint assured the Committee that everyone would need to be involved when the time was right.

Mr. Duane Lindsay spoke briefly on UN/ECE inshell tolerances. He said the German committee wants to maintain the current tolerance level for inshell. He mentioned that France would not agree with the changes the German delegation is attempting to make on the inshell standard and mentioned we may be able to forestall the German Committee's proposal with the help of France and Italy.

Mr. Keiper proceeded to agenda item M, Health Activity. Ms. Carol Berg-Sloan stated she spoke on this agenda item during the morning session and in the interest of time and providing there were no objections, she would not repeat the health activity presentation.

Mr. Balint then clarified the funding mechanism for health research is the Commission and not the Board. He mentioned that Dr. Chris Mantzoros' project is a new project and has not been funded and that Dr. Russ Reiter's project was approved for funding in the spring. He stated we were in a position to fund two studies and could have both studies funded with an additional \$50,000 committed by the Commission which assumes a 50% contribution from AICR.

Mr. Mariani made a motion to allow the Commission to take \$50,000 out of reserves to fund the two projects. Mr. Crain seconded and the motion carried unanimously.

The meeting proceeded to Item N, CWC Budget & Assessment rate for 2007/2008.

Mr. Balint explained that during the restructuring of the Commission, authority was delegated to the Executive Committee to do everything the full Commission would do except set the assessment rate. The Executive Committee also had authority to approve the budget. He said the budget and assessment was calculated based on last year's production using the actual crop size. He further explained that the Board has a fluctuating assessment from year-to-year and that the Commission, in times of deficit can rely on the reserves which are currently at about \$4 million. The budget for the Commission for 2007/2008 is based on the maximum allowed assessment of 1 cent per inshell pound. At that rate and with the current budget, the Commission will see a \$480,000 deficit this year which will move the reserves below \$4 million.

Mr. Mariani moved to approve the Commission assessment rate for 2007/2008 at 1 cent per inshell pound. Mr. Crain seconded and the motion carried unanimously.

Mr. Keiper proceeded to agenda item O, Realignment of the Commission's Meetings/Approval Schedules 2007/2008 crop year. Mr. Balint explained that traditionally, the Board and Commission both have two meetings, one in September after the crop estimate is announced and the other in February. He further explained that having a meeting in May would provide a head start on the marketing year by making policy and budget decisions and obtain approvals from the federal government and concurrence from the state government.

Mr. Siebert made a motion that the California Walnut Commission have the same meeting schedules as the Walnut Marketing Board. Mr. Mariani seconded and the motion carried unanimously.

Mr . Balint proceeded with the next agenda item explaining that the terms of the current elected Commission members and alternates would be slightly longer than two years and would serve through the spring of 2009.

There being no other business Chairperson Keiper ended the meeting with the time and place of the next meeting to be determined at a later date. The meeting was adjourned by Chairperson Keiper at 2:22 p.m.