

JOINT MEETING
California Plum Marketing Board
California Tree Fruit Marketing Board
Nectarine Administrative Committee
Peach Commodity Committee
February 18, 2010
Parlier, California

Executive Committee Chairman Michael Reimer called the Joint Meeting of the California Plum Marketing Board, California Tree Fruit Marketing Board, Nectarine Administrative Committee, and Peach Commodity Committee to order on February 18, 2010, at 1:09 p.m. in the Nectarine Room of the Kearney Agricultural Center in Parlier, CA. The Chairman asked Mr. Van Sickle to conduct the roll call.

California Tree Fruit Marketing Board Members and Alternates *Present*:

John Blalock	Rick Jackson	Rick Milton	Denver Schutz (A)
Wayne Brandt	John Kaprielian (A)	Vernon Peterson	Jim Simonian, Sr. (A)
Mark Bybee (A)	Marco Luna	Doug Phillips (A)	Steve Strong
Bill Chandler	Harold McClarty	Mike Reimer	Gordon Wiebe
Craig Ito	Jon McClarty	Vincent Ricchiuti (A)	

California Tree Fruit Marketing Board Members and Alternates *Absent*:

Jeff Boldt (A)	David Gonzalez (A)	Duane Lamm	Rod Riffel
Cliff Brown (A)	Leroy Huerta, Jr.	Jose Marin (A)	Marco Rinaldi (A)
Blake Carlson	Casey Jones (A)	Ryan Metzler (A)	Tony Supino (A)
Andrew Casado, Jr.	Mike Jost	Andy Muxlow (A)	Russ Tavlan
Melvin Enns (A)	Wayde Kirschenman	Grant Parnagian	John Tos (A)
Greg Feaver (A)	Don D. Klassen (A)	Justin Parnagian	John Warmerdam (A)
	Mark Laemmlen	Brian Richardson (A)	Kerry Whitson (A)

Peach Commodity Committee Members and Alternates *Present*

John Blalock	Rick Jackson	Jeannine Martin (A)	Vernon Peterson
Wayne Brandt	John Kovacevich, Jr.	Tony Martinez (A)	Michael Reimer
Mark Bybee (A)	Marco Luna (A)	Harold McClarty	Tim Thiesen (A)

Peach Commodity Committee Members and Alternates *Absent*

Jack Brandt	Don D. Klassen	Ryan Metzler (A)	Russ Tavlan
Casey Jones (A)	Duane Lamm (A)	Andy Muxlow (A)	John Tos
Mike Jost	Jose Marin (A)	Marco Rinaldi (A)	

Nectarine Administrative Committee Members and Alternates *Present*

John Blalock	Mike Jackson	Rod Milton	Steve Strong
Steve Boos (A)	John Kaprielian	Doug Phillips (A)	Gordon Wiebe
Phil Braun (A)	Rick Milton	Jim Simonian	

Nectarine Administrative Committee Members and Alternates *Absent*

Jeff Boldt	Wayde Kirschenman (A)	Richard Olson (A)	Greg Tesch (A)
Casey Jones	Jerry Kliewer (A)	Rod Riffel (A)	John Warmerdam
Jim Jones (A)	Jose Marin	Tony Supino (A)	Kerry Whitson (A)

California Plum Marketing Board Members and Alternates *Present*:

Waine Aalto (A)	Mark Bybee	Bruce Myers (A)	David Stone
Steve Boos	Mike Jackson	Ken Peters	Steve Strong (A)
Dave Botkin (A)	Rick Milton	Doug Phillips	

California Plum Marketing Board Members and Alternates *Absent*:

Jack Brandt	Keith Cosart	Daniel Huerta (A)	Richard Sawatzky (A)
Carl Buxman (A)	Gene Coughlin	Jim Jones (A)	Kristina Unruh (A)
Blake Carlson	Ron Frauenheim (A)	Jose Marin	Doug Wilson
Andrew Casado Jr. (A)	Kerry Gerdts	Jon Parnagian (A)	

Government Representatives:

Dennis Manderfield, CDFCA Jerry Simmons, USDA

Others Present: See register at the CTFA office.

The Chairman stated there was not a quorum for all of the Boards and Committees at this time but they would continue on with the presentation as more members arrived. He reported that on February 11, 2010, the Peach Commodity Committee unanimously voted to appoint Mr. Gary Van Sickle as the new President of CTFA. He reported that Mr. Van Sickle has served the California Tree Fruit Industry for over 34 years. He has been with CTFA through many transitions and has served the industry as a Field Director, Research Director, Regulatory Compliance Director and now will serve as its President. He is viewed as an expert, in reference to California peaches, plums and nectarines and has been called a “Walking Encyclopedia” by many. During his time with CTFA Mr. Van Sickle has been instrumental in the adoption of minimum size regulations for minor varieties, modernizing packout processes, formulating color standards to determine maturity, and the adoption of well-matured standards for the industry. Since 2001 he has helped administer the four marketing orders under the CTFA umbrella, which have conducted market development, quality control and research programs. As Research Director he has overseen 15-20 research projects per year, including a Pest Management Alliance project which has been supported by the California Department of Pesticide Regulations and the United States Environmental Protection Agency. Chairman Reimer asked everyone to join him in welcoming Mr. Van Sickle to his new role.

President’s Report (report available by request)

The Chairman asked President Van Sickle to provide the President’s Report.

Crop Report – Mr. Van Sickle reported that rainfall this season to date was above 7”, compared to the normal total of 6.77” and more rain is expected this weekend. Snow pack during the February 1 survey was 118% of normal. In regards to chill hours, as of February 15, Parlier finished at 833 hours and Arvin at 809 hours. Mr. Van Sickle noted that due to a cold winter in the Southeast, their chill hours come in at approximately 1,100 hours.

Industry Issues – Mr. Van Sickle reported the Parlier Environmental Justice (EJ) Project, an air monitoring project, which was conducted in 2006, recently released their final report. Of the monitored 35 pesticides plus 5 breakdown products, the greatest potential health risk was not from substances used as pesticides, but from two pollutants found commonly throughout California; Acrolein and Formaldehyde. The most likely source is motor vehicle and industrial emissions, and often these were above the health screening levels. Also detected were 16 pesticides and 3 breakdown products. The pesticide with the most detections was MITC, found in 84% of the samples. It is thought the residue of MITC were from fumigant use 5 miles away from Parlier. The insecticides Lorsban® and diazinon were among the pesticides found most often, but amounts found were below health screening levels with the exception of one day with diazinon. Detections of these pesticides posed the highest non cancer risk among pesticides detected, which has prompted DPR to focus added resources to ongoing risk assessments for these compounds. Detections of Telone® warranted further

evaluations as this fumigant is a carcinogen and lifetime exposure at the levels detected may be of health concern. Of the 15 pesticides monitored but not detected, 10 had no or low use and the remaining 5 had moderate to high use.

In conclusion, Mr. Van Sickle said that several years before the EJ project DPR began planning for a network of monitoring stations that would sample for pesticide residues over several years. The EJ project now provides a foundation and springboard for this network, which DPR intends to set up in 2010.

Mr. Van Sickle noted that invasive pests continue to be a concern including Light Brown Apple Moth (LBAM), Citrus Psyllid and Med Fly. Water also remains to be a major concern across the valley. Mr. Van Sickle reported that he had an update on the Nectarine juice drink, saying that in 2009 295,000 gallons of nectarine juice were produced and they expect to produce 468,000 gallons in 2010. Also, the product line flavors has been expanded from straight nectarine juice to also include Nectarine Berry, Nectarine Pomegranate and Nectarine Mango.

Mr. Van Sickle asked Mr. George Nikolich to provide an update regarding the Produce Traceability Initiative. Mr. Nikolich said the Harvest & Health Protection Subcommittee was looking for direction from the industry members about the traceability issue. He reported the Bioterrorism Act 2002 was the One Step Forward, One Step Back Program, which did not apply to those members which were solely growers.

Mr. Nikolich reported there were two bills currently in Congress waiting for votes. One was the H.R. 2749 which was passed by the House late July 2009 and was sent to the Senate, read twice and referred to the Committee on Health, Education, Labor and Pensions in August 2009. This bill establishes a full-chain tracing that is interoperable, includes traceback in 2 days or less, lot numbers and common nomenclature and exempts direct farm to consumer or farm to restaurant sales. The second bill, S. 425, was introduced in February 2009, read twice and referred to the Committee on Agriculture, Nutrition and Forestry. It will require a submitted report for the most practicable approach to traceability within one year and to establish a traceability system no later than 3 years after enactment. Also, it will allow regulators access to each place of business, a national database and electronic records, standardized tracking numbers that include country of origin, facility registration number, date of production and lot number, and also recall performance standards.

Mr. Nikolich noted that if Congress passed these laws it would be to provide direction to the USDA, including meat, poultry and the egg industry, but that it was the FDA, under the Health and Human Services Department, which would affect traceability. He said that these two laws were not the only ones pending and that some suggest, that depending on the needs of the current administration, some of these laws may be fast tracked to gain public support. The FDA has passed intermediate steps which include guidance documents regarding traceability and while they are only guidelines some of the industries' customers have treated them as law. Mr. Nikolich said a public hearing had been held on December 9-10, 2009, to discuss improving product tracing of foods and a more rapid outbreak response. He said that all opinions on both sides of the issue had been well represented at the meeting.

In regards to the Produce Traceability Initiative (PTI), there was a very helpful website www.producetraceability.org, which provides full details of the program and the set of guidelines which had been developed by the industry. Originally PTI was set up for traceability but it has been expanded to include many more aspects. PTI is currently viewed as a template but sometimes retailers view it differently and require it, but it is not the only way to have traceability. Mr. Nikolich said there were three options; first to use the one up, one down program, second to use segments of PTI and third

to use all guidelines of PTI. In the past it has been recommended that CTFA create guidelines for the industry regarding traceability, but it needs to be addressed again if industry wants to give specific direction. Chairman Reimer opened the floor to discussion regarding Mr. Nikolich's report and to gauge if there was any feedback to direct CTFA on the issue, but no comments were raised. The Chairman summarized that CTFA would not drive the issue.

Market Development – Mr. Van Sickle reported that a category management training class was held for industry in January and was well received, and that sales desk meetings were underway with the marketing staff and would continue through March. He noted that any marketing office that was interested in meeting with the CTFA staff who had not already been contacted could speak with Mr. Gordon Smith. Mr. Van Sickle reported the download center resources continued to be used by industry members, 92% by volume in 2009. Items downloaded by industry members in 2009 reached above 4,000 items, up from 2,900 in 2008. A decline in retailer downloads was most likely attributed to the limited programs CTFA was currently doing for retailer promotions. In regards to international markets, Mr. Van Sickle reported the budget had been finalized by the Subcommittee and the final 2010 MAP award of \$2.484 million had been allocated. The budget for Canada was going to be increased from \$50,000 to \$300,000. A full report for the 2010 program would be presented later in the meeting.

Research and Regulatory – Mr. Van Sickle reported the 2010 Research recommendations would be provided later in the meeting. The Mid Atlantic Fruit and Vegetable Conference was held February 2-4 in Hersey, PA and Mr. John Blalock represented the CTFMB at the meeting. Mr. Van Sickle noted that a short report on the meeting was included in today's packet. Mr. Blalock added that it was a very good meeting and wanted to thank Mr. Van Sickle for representing the California industry so well.

Mr. Van Sickle said that after today's meeting, the assessment rates would be added to the state bulletins, and then sent to CDFA for approval. On the federal side, staff is waiting for the Federal Register publication, which is expected in late March or early April.

Industry Relations – Mr. Van Sickle reported to the industry that the Annual Educational Symposium would be held Tuesday, February 23 from 8:30 a.m. to 1:30 p.m. at the Fresno Convention Center and that Editor Jim Prevora of the Perishable Pundit would be the lunch speaker.

Government Updates – For the Federal update, Mr. Van Sickle said there was nothing to report. For the state, staff is working with CDFA to finalize the M.O. language changes for the CTFMB board size reduction amendment to be effective March 1, 2010. Also, staff is awaiting the government appointment orders for the state nomination balloting that took place in January 2010.

Legal Updates – Mr. Van Sickle said there was nothing new to report for Federal and State.

Other Issues – Mr. Van Sickle informed the Subcommittee applications are now available and would be due May 1, 2010. Open positions exist on all CTFA subcommittees, including; Compliance, Domestic Market Development, International Market Development, Research, Strategic Planning and the Harvest and Health Protection.

International Market Development Subcommittee Report

Mr. Gordon Smith then provided the report for Mr. Jim Stewart on the 2010 plan for the International Market Development Program. He said the Subcommittee met two times in January to review the

various markets and to determine the budget allocations. There was a small decrease in MAP dollars in 2010 but it was pretty consistent with other commodity boards' awards. There are two new markets being proposed for 2010 which are the Middle East (Dubai) and Brazil. It is being recommended to discontinue the program in Venezuela, due to political instability in that country, and to maintain trade servicing only in the UK due to the strong European crops. The Subcommittee is recommending the approval of the CTFA International budget, including the UES consultant and International resources. Mr. Smith said the Subcommittee was committed to maintaining strong relationships with the larger countries as well as the emerging markets.

The three markets which are considered to be Tier 1 markets are Mexico, Taiwan and Central America. In 2010 the strategy for Mexico includes focusing on retail cooperative promotion, expanded sampling, and increasing nectarine awareness. Mr. Smith noted that nectarine trade has been increasing but there were concerns with the stem tolerance issue which emerged last year. The Subcommittee has directed staff that if the issue remains in 2010 they are to direct the budget away from Mexico into other areas. Despite the challenges getting fruit to market, Mexico continues to be the industry's most important market. Taiwan is a mature market with major implications for Summerwhite® returns. The Subcommittee has decided to move away from consumer PR and focus on holidays and weather related issues that can affect their own fruit. It is the recommendation to maintain flexibility for mid-to late-season push with sales promotions at retail and wholesale levels. Even though Central America is not above one million boxes it is still considered a Tier 1 market. The strategy is to leverage CATFA passage and growing modern retail sector to build trade confidence. It is recommended to maintain a moderate cost per box of promotion focusing on in-store sampling.

In previous years Canada was considered an extension of the Domestic markets and received very limited MAP funds. The Subcommittee decided there was potential for Canada to show a significant change in volume. There is a recommendation of increasing MAP funds from \$50,000 to \$300,000 in 2010 and to focus the activity budget on the 6 week period from mid-June through July, before the local season begins in Ontario. Historically Canada was seen as somewhat of an afterthought but this strategy puts them among the top three markets.

Tier 2 markets include Hong Kong, New Zealand, China, Singapore, Colombia and United Kingdom. In regards to China there has been much progress in the awareness of the availability of California plums. Retailers have really wanted them when they can get them. Last year saw shipments in secondary ports which is a promising sign. It is recommended to continue the five city strategy to encourage improved distribution and to maintain in-store promotional support when fruit is available. The program in the United Kingdom was started in 2006 and when they are short on their European crop, the UK has shown major opportunities to take large volumes especially for late season varieties. However, Spain has developed many late season varieties as well, which is affecting demand. It is recommended to keep a small trade service program going in 2010 with CTFA dollars but it may be a potential market for targeted MAP funds later in the season. In regards to New Zealand, it has always been considered a good barometer for Australia, which may have access in 2011. It is recommended to continue to build innovative and custom retail programs to drive counter-seasonal impulse purchases. Colombia is the most dynamic market in South America and there have been signs of direct shipments with retailers which is a very good sign. It is recommended to expand interactive promotions at point of sale and chefs, and have demonstrators educate consumers on proper handling. In 2009, it was decided to make a change from the previous representative to Louis Ng for Hong Kong, who already represents China on CTFA's behalf. The recommendation for Hong Kong is to focus on consumer activities exclusively on driving impulse purchases at point of sale. In Singapore, the plan is continue to focus on supporting retail channels through market intelligence and sales promotions.

The Tier 3 markets of Malaysia, Ecuador, Panama, India and Venezuela are small in volume as well as very low budget, yet still important. Ecuador has been very receptive to technical seminars and has relaxed much of their restrictions at retail on in-store promotions. Malaysia is being influenced heavily by fruit from China and it has been recommended to reduce their budget. While trade awareness remains high, the price differential between California PPN and Chinese stone fruits is significant. Panama has been separated out of the Central America group and is recommended to receive a limited budget to reflect emerging status. India, while a small market in 2009, has over 1 billion people and is an important market to focus on to develop trade awareness. It is recommended to partner with the growing retail sector catering to high end consumers looking for high-quality imported fruits.

The new markets for 2010 are the Middle East, which includes Dubai, Kuwait and Saudi Arabia, which has seen fruit flown by air, as well as Brazil which had seen issues in the past regarding phytosanitary issues but has had restrictions lifted.

Mr. Smith then summarized the 2010 recommendations include MAP funding at \$2.484 million, which is down 2.8% from last year's funding award, and the CTFA funding contribution would be at \$882,000, which is down slightly from last year's \$893,500. The recommendation also includes to have targeted MAP funds of \$204,271 set aside for mid-season allocation with USDA/CDFA approval. Mr. Smith also reviewed, by country, the budget breakdown for the 2010 season, and added there were also several other recommendations, including renewing the contract with Bryant Christie, Inc., which expires next week.

Mr. Harold McClarty asked why there was nothing with Chile and why there was a reduction in shipments in 2009 across the board. Mr. Smith replied that a sales desk communication was sent out last year asking those who were interested in shipping to Chile to sign up with CTFA and there were only 2-3 who showed any interest. As for the question on declining exports, typically the running average in the past 5 years for the volume going export has been about 25% of the total production, however in 2009 it was roughly 18%. Several factors may have contributed to that decline including the large number of pull-outs going into 2009, which were Summerwhite® and could have impacted the Taiwan market, early in the season there was volatile pricing with exchange rates, issues with exporting fruit to Mexico with the stem tolerance issue and because there was a smaller crop so industry may have taken care of their domestic customers first. Mr. Jim Simonian agreed that if the pricing level domestically remained high it could affect exports.

Domestic Market Development Subcommittee Report

Mr. Gordon Smith reported that based on the feedback and discussions from the December 2009 Joint Meeting, the Domestic Market Development Subcommittee met on January 21, 2010, to discuss the lack of consensus regarding the proposed consumer research projects. Mr. Smith said there were two important questions raised regarding the research; how many people use it and how does it help build relationships with retailers. The Subcommittee ultimately decided to table the research projects and to reconsider them in 2011. Mr. Smith reminded the members that the Consumer Decision Tree was a project that was specifically requested by some industry members and would play a key role in the development of category management. Also during the Subcommittee meeting the additional grower interviews for the PPN Advocate were discussed. It was decided the traction results of the videos currently posted are needed before approving any additional funds for the development of more videos.

Mr. Smith explained the revised 2010 domestic budget proposed today includes Category Research, which is unchanged from 2009 with data purchases from Freshlook (IRI), Market Tracks, Store Audits

and Data Resource database maintenance. CTFA will continue to provide retailer mini-reviews, Category Analysis Newsletters, Season Year-to-Date reports and category analytic training. Industry Resources in 2010 includes the direct mail of three month calendars and News for Retailers, as well as all organization memberships and travel expenses.

Mr. Smith then summarized the revised budget, which included \$551,000 for category research, \$143,000 for industry resources, \$75,000 for PPN Advocate, \$100,000 for 2011 preparations, and \$200,000 for administration, for a total of \$1,069,000, which is down \$297,583 from the 2009 budget of \$1,366,583.

Research Subcommittee Report (Project list attached)

Mr. Van Sickle informed that the 2010 recommendations from the Research Subcommittee totaled \$496,166. There are 16 projects recommended for funding, a continuation of the residue study and a contingency fund of \$10,000. Mr. Van Sickle said the California Tree Fruit Marketing Board would now pay for a portion of the research expenses, which was not done in the past, but was a change for 2010. Mr. Van Sickle then provided a brief review of each project.

Adaskaveg – This project involves studying diseases, both pre-harvest and post-harvest for the stone fruits. Mr. Van Sickle reported Dr. Adaskaveg continues to review alternative chemistries to current fungicides to prevent resistance. He also indicated there are treatments being developed for Sour Rot and Powdery Mildew.

Cisneros/Byrne – This project seeks cardiovascular health benefits of peaches and plums, and Mr. Van Sickle noted there had been a great deal of publicity generated in the spring. He noted they found the antioxidant level of plums is equal to that of blueberries. He also reported there will be four journal articles published with various aspects of this research in the near future.

Byrne – This project is phenotyping of various populations of peach and nectarine developed collaboratively with Dr. David Ramming using his high sugar selections. It will develop markers for use by breeders to help select for high quality attributes.

Crisosto – This project is updating peach, nectarine and plum inking and/or skin discoloration development information. Mr. Van Sickle explained that staining continues to be a problem for the industry and this study looks at possible contributors to the condition. Dr. Crisosto is looking at several possible reasons for the discoloration, including heavy metal ions that are in the various spray solutions and also evaluating the rate of cooling and package modifications for Summerwhite® flesh burning.

Crisosto – This project is for the development of predictive tools for brown rot and sour rot resistance in peaches and nectarines. Mr. Van Sickle reported Dr. Crisosto continues to identify genetic markers, which indicate resistance for specific post-harvest diseases and rots.

Crisosto – This project is for testing a fall Ethrel application for flower removal. Mr. Van Sickle reported the results for this year were affected by frost damage; however results of a comparable trial in Chile removed 30% of the flowers. He explained the program calls for spraying trees in the fall, and the material induces flower abortion, thus reducing the amount of flowers and fruit on the trees in the springtime.

Crisosto – This project will establish a Tree Fruit trained panel evaluation sensory tool to evaluate pre and postharvest technology on consumer acceptance. It will test innovative postharvest technologies to reduce postharvest losses, such as 1-MCP and modified atmosphere packaging to reduce fruit softening.

Day – This project is for the development and testing of pedestrian orchard concepts. Mr. Van Sickle reported this project is studying rootstock and training systems that do not require ladders, with tree heights being kept at 8-10 feet or less.

DeJong – This project is developing a 3-D computer simulation model of a peach. Mr. Van Sickle indicated this was a computer model that simulates tree and fruit growth, and can have various inputs based on reality situations in the orchard, and can then come out with various scenarios of what might happen on the tree.

DeJong – This project is developing improved size-controlling rootstocks for peaches and nectarines. Mr. Van Sickle reported that three new rootstocks are being released this year.

M. Johnson – This project seeks better understanding and management of the Tenlined June Beetle. Mr. Van Sickle reported Dr. Johnson was looking at controlling the grubs, and working with various crop care materials to see how well they move through the soil to control the grubs. Because this project was not completed last year it will continue in 2010 with no additional funding requested.

S. Johnson – This project is for mechanical blossom thinning using a Darwin String Thinner. Mr. Van Sickle said Dr. Johnson will try to develop a protocol for its use in stone fruit.

S. Johnson – This project is to improve the efficiency of Foliar Zinc sprays in peach orchards. It will try to quantify the efficiency of zinc sulfate sprays applied in either early fall or late fall to peach trees.

McKenry – This project is for field confirmation of the value of a new approach to replanting stone fruits. Mr. Van Sickle reported Dr. McKenry is working on the “starve and switch” tactic, which uses fallowing and includes evaluation of new rootstocks.

Michailides – This project addresses sources of inoculums, biology, epidemiology and management of sour rot in stone fruit orchards. Mr. Van Sickle reported Dr. Michailides has found many of the problems with sour rot resort from poor sanitation practices that can influence the sour rot decay. He also indicated Dr. Michailides is designing and testing a diagnostic tool for isolates of *Geotrichum candidum* causing sour rot.

Suslow – This project is for microbial food safety and postharvest fruit disinfection. It includes a review of chlorine dioxide gas as a postharvest disinfectant for postharvest plant pathogens. Dr. Suslow will evaluate the survival of surrogate nonpathogenic *E. coli* on PPN fruit in experimental farm orchards as affected by tree morphology and position on the tree. He will also determine the potential for pathogens in water to survive on the orchard floor.

Walse – This project is for the treatment of stone fruit to Australia with methyl bromide or phosphine. Mr. Van Sickle reported this project is to eliminate Peach Twig Borer (PTB). This project is determining the efficacy of methyl bromide and phosphine on PTB and to develop a fumigation treatment schedule for PTB. Mr. Van Sickle noted a TASC grant was awarded to the industry for this project in the amount of \$45,000, but \$2,000 was needed to purchase the fruit used in this project.

Mr. Van Sickle said the Subcommittee recommended the continuation of the fruit residue study conducted by Primus, which includes random testing of fruit samples from packers, including organic samples for controls. He noted there were three insecticides and eight fungicides detected this past season.

Emergency Research Projects – \$10,000 contingency - Mr. Van Sickle reported the Committees/Boards need to authorize the Research Subcommittee to expend funds for emergency projects with USDA/CDFR approval.

Mr. Van Sickle reported that at the last Subcommittee meeting it was decided to table the Endowment discussion for 18-24 months due to a lack of consensus by the industry. Chairman Reimer noted the budget this year was \$100,000 less than last year. Mr. Craig Ito commented that he was glad to see there were funds set aside in an emergency fund. He noted there has been a growing concern in cherries regarding the Spotted Wing Drosophila (aka cherry vinegar fruit fly) that lays eggs on the fruit and it could potentially affect PPN if there was a cool spring. Chairman Reimer said that issue had been brought up at the last research meeting at UC Davis. Mr. Van Sickle said the California Grape and Tree Fruit League was aware of this issue and doing the initial review of the pest.

Executive Committee Report

Mr. Gary Van Sickle provided the Executive Committee report on behalf of Chairman Reimer. He reported that packouts were lower than the original estimate in 2009, but slightly higher than the revised estimate due to pullouts and the frost damage. Also a portion of the DMDS budget for the Federal programs will be unused, since a reduced budget has been revised for 2010. Final packout numbers for 2009 are 20.86 million for peaches, 16.60 million for nectarines and 9.41 million for plums, for a total of 46.88 million containers. For 2010 budgets an assumption of 20.6 million for peaches, 16.2 million nectarines and 9.2 million for plums for a total of 46.0 million containers were used.

Mr. Van Sickle reviewed the 2009-10 budget performance for 3/1 – 2/28 and presented the 2010 proposed budget:

	Budget	Projected YE	Proposed
Carry-in	\$ 4,323,994	\$ 6,176,270	\$ 2,810,167
Income	\$ 4,706,500	\$ 4,503,693	\$ 5,781,700
Total Inc	\$ 9,030,494	\$ 10,679,963	\$ 8,591,867
Expenses			
Overhead	\$ 174,201	\$ 168,582	\$ 185,178
Salaries/Benefits	\$ 815,424	\$ 693,578	\$ 790,680
Gen Exp	\$ 431,133	\$ 431,133	\$ 468,883
Ind Exp	\$ 104,750	\$ 104,750	\$ 104,750
Other Exp	\$ 162,200	\$ 135,549	\$ 141,482
Compliance	\$ 132,115	\$ 125,895	\$ 133,320
Research	\$ 830,179	\$ 823,256	\$ 833,784
Ind Relations	\$ 104,129	\$ 103,239	\$ 107,291
Domestic	\$ 1,363,004	\$ 1,360,538	\$ 1,189,851
Internat'l	\$ 3,926,603	\$ 3,923,276	\$ 3,926,209
Total Exp	\$ 8,043,756	\$ 7,869,796	\$ 7,881,428
Carry Forwd	\$ 986,738	\$ 2,810,167	\$ 710,439

(Unaudited)

Trust funds supplemented 09 and 10

Mr. Van Sickle added there was an increase in overhead expenses due to a potential increase for liability insurance on committee members and that each individual Board will adopt a specific prorata budget.

Mr. Van Sickle explained the industry activities include participation in related boards that support the strategic plan. It offers a way to collectively, across multiple groups, fund research or projects affecting the industry. He noted some of the groups the industry participates with include the Alliance for Food and Farming, the California Grape and Tree Fruit League, the California Ag Issues Forum, CA Specialty Crops Council, California Grown (tentative), the Minor Crop Farmer Alliance, the Invasive Pest Coalition and the National Peach Council. He explained the industry relations component of the budget includes market compliance activities and grower relations activities. He stated the inspection and compliance component includes the spot check audit program and the administration of that program.

Mr. Van Sickle stated for the 2010 Budget and Assessment Rates that the Federal programs had made their recommendations at the December 10, 2009 meeting, but the State assessment recommendations would need approval today. He reminded the State assessments can be adjusted downward at the Spring Board meeting in April once estimates are completed. Mr. Van Sickle explained the allocation of expenses was based on crop size, research was now allocated to all programs, the advocate and other messaging was allocated to State programs and general administration/overhead was allocated across all programs.

Mr. Van Sickle reminded the 2010 assessment rates recommended for Federal were Peach Commodity Committee 2.60 cents, compared to 0.25 cents in 2009 and the Nectarine Administrative Committee 2.80 cents, compared to 1.75 cents in 2009. Mr. Van Sickle noted the 2009 and 2010 assessments were supplemented by litigation income.

The 2010 assessment rate recommendations for State are the California Tree Fruit Marketing Board at 4.00 cents, compared to 2.5 cents in 2009; and the California Plum Marketing Board at 7.25 cents, compared to 6.5 cents in 2009. Commodity totals include peaches 6.60 cents, up from 2.75 cents in 2009; nectarines 6.80 cents, up from 4.25 cents in 2009; and plums 7.25 cents, compared to 6.5 cents in 2009. (Budgets attached)

Authorities for Chairperson and President

Mr. Van Sickle noted there were a few housekeeping items that needed to be approved today. First, to give authority to the Chairperson to appoint subcommittees and pay for group lunches if necessary. Second, the President/Designee to have the authority for inter item transfers (budget), sign contracts, hire outside counsel on personnel issues – up to \$10,000 – with CDFA/USDA approval and to accept grant funds.

Update Bylaws – Check Signing Authorities

Mr. Van Sickle informed that it was discovered last year after Ms. Mierau left CTFA there was no one to sign any checks between the amounts of \$50,000 – \$100,000. The updated bylaw recommendation provides for the Executive Committee Chairperson and Vice Chairperson to sign checks for any amount. Also included were several revisions to staff titles. [An update to the bylaws was presented in the meeting folder and is shown below.]

Section 3. Authorization from the **Chairperson or Vice Chairperson of the Executive Committee**, President, Vice President/**Assistant Manager**/designee, **Director of Marketing Marketing Director** or Director of Regulatory Compliance shall be required on all checks or electronic payments issued by the California Tree Fruit Agreement for \$10,000 or less. Authorization from the **Chairperson or Vice Chairperson of the Executive Committee**, President, Vice President/**Assistant Manager**/designee or Director of Regulatory Compliance shall be required on all checks or electronic payments issued by the California Tree Fruit Agreement for \$50,000 or less. The authorization of the **Chairperson or Vice Chairperson of the Executive Committee** or President shall be required on all checks or electronic payments issued by the California Tree Fruit Agreement for up to \$100,000. The authorization of the Chairperson or Vice Chairperson of the Executive Committee shall be required on all checks or electronic payments issued by the California Tree Fruit Agreement in excess of \$100,000.

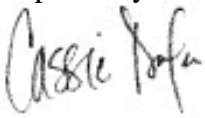
Subcommittee Officers

Mr. Van Sickle reported that at the December Joint meeting the Peach Commodity Committee and Nectarine Administrative Committee voted one way, while the CA Plum Marketing Board voted another way regarding the Subcommittee Officers. CDFA supports the CA Plum Marketing Board's action on December 10, 2009. Due to the lack of unanimity between the Committees and the CA Plum Marketing Board, the USDA considers the Committee votes to be non-binding. Mr. Van Sickle reported that a bylaw modification is being developed for the April 2010 meeting. It will provide that the Chairperson and Vice Chairperson be current members or alternates of Boards/Committees. It will also require one (1) year terms, with a term limit of four (4) consecutive years served for the Chairperson.

Issues to Discuss at Future Meetings

The Chairman asked if there were any issues to discuss at future meetings or other business. Mr. Marco Luna asked why the assessments were up in 2010. Mr. Van Sickle answered that last year assessments were heavily subsidized by the released litigation trust funds. There was also a large amount of carryover for 2010, so the 2010 rates will be even lower than they would be normally. The Chairman asked if there were any additional comments. Hearing none, he adjourned the meeting at 2:15 p.m.

Respectfully submitted,



Cassie Drake
Category Research Specialist

2010 California Tree Fruit Agreement Research Proposals for Funding

Researcher	Project Title	Dollar Amount to Be Funded		Subcommittee Member Liaison
Adaskaveg	Epidemiology and Management of Pre- and Postharvest Diseases of Peach, Plum, & Nectarine	\$44,000	(cont.)	Mike Reimer Alan Butterfield
Cisneros (Byrne)	Promoting stone fruits for Protection against the Metabolic Syndrome	\$49,706	(cont.)	Eric Gaarde Joe Bezerra Mike Reimer
Byrne	RosBreed Supplement: Development of Cultivars with Higher Soluble Solids	\$9,528	(new)	Mike Reimer Christeen Abbott
Crisosto	Updating Peach, Nectarine and Plum Marketing and/or Skin Discoloration Development Information	\$88,820	(cont.)	Rod Riffel, Rod Milton, Bill Tos, Wayne Stogbauer, Steve Frauenheim
Crisosto	Development of Predictive Tools for Brown and Sour Rot Resistance in Peaches and Nectarines	\$27,703	(cont.)	Rod Riffel Bill Tos
Crisosto	Testing a Fall Ethrel Application for Flower Removal: A New Thinning Approach	\$7,646	(cont.)	Rod Riffel Bill Tos
Crisosto	Establishing a Tree Fruit trained panel evaluation sensory tool to evaluate pre and postharvest technology on consumer acceptance.	\$27,013	(cont.)	Ty Parkinson Ryan Metzler Eric Gaarde Mike Reimer
Day	Development and Testing of Pedestrian Orchard Concepts	\$16,975	(cont.)	Bill Tos Rod Milton Bill Chandler
DeJong	Using a 3-D Computer Simulation Model of Peach Tree Architectural Growth and Dry Matter Partitioning to Evaluate the Production Potential of Peach Trees on Size-controlling Rootstocks	\$16,873	(cont.)	Mike Reimer Ryan Metzler
DeJong	Improved Rootstock of Peach and Nectarine	\$37,692	(cont.)	Bill Chandler Mike Reimer
Johnson, M.	Better Understanding and Management of Tenlined June Beetle	\$0	(cont.)	Wayne Stogbauer Rod Milton Alan Butterfield
Johnson, S.	Mechanical Blossom Thinning Using a Darwin String Thinner	\$28,355	(cont.)	Christeen Abbott Joe Bezerra Rod Riffel
Johnson, S	Improving the Efficiency of Foliar Zinc Sprays in Peach Orchards	\$12,103	(new)	Mike Reimer Rod Riffel Rod Milton
McKenry	Field Confirmation of the Value of a New Approach to Replanting Stone Fruits	\$25,000	(cont.)	Bill Chandler Mike Reimer Alan Butterfield
Michailides	Sources of Inoculum, Biology, Epidemiology and Management of Sour Rot in Stone Fruit Orchards	\$14,750	(cont.)	Christeen Abbott Wayne Stogbauer
Suslow	Microbial Food Safety and Postharvest Fruit Disinfection	\$58,000	(cont.)	Ty Parkinson Blake Carlson Mike Reimer
Waise	The Treatment of Stone Fruit to Australia with Methyl Bromide or Phosphine to Eliminate the Possible Introduction of Peach Twig Borer	\$2,000	(cont.)	Mike Reimer Gordon Smith
Primus	Primus Residue Study	\$20,000	(cont.)	Mike Reimer
	Emergency Research Project (s). original budget was \$10,000	\$10,000		
Total		\$496,166		

California Plum Marketing Board				
Budget Report				
Projected Budget through February 28, 2011				
	2010	Prior Year		Variance to
	Plums	Projected to	Budget	PY Budget
		2/28/2010	2009	
PACKAGES SHIPPED	9,200,000	9,130,275	9,000,000	102.2%
Assessment Rates	7.25	6.50	6.50	111.5%
Prior Year Carry-In	\$ 345,913	\$ 625,814	\$ 402,825	85.9%
INCOME				
Assessments	\$ 667,000	\$ 593,468	\$ 585,000	114.0%
OTHER INCOME				
Delinquency Charges	\$ 1,000	\$ -	\$ 1,000	100.0%
Interest	\$ 6,000	\$ 5,534	\$ 3,727	161.0%
USDA Map Grant *	\$ 520,000	\$ 519,930	\$ 468,000	111.1%
Inspection Billings	\$ -	\$ -	\$ -	0.0%
Miscellaneous	\$ 1,500	\$ 5,897	\$ -	
TOTAL INCOME	\$ 1,195,500	\$ 1,124,829	\$ 1,057,727	113.0%
TOTAL INCOME & CARRY-IN	\$ 1,541,413	\$ 1,750,643	\$ 1,460,552	105.5%
EXPENSES				
ADMIN. SALARIES/BENEFITS	\$ 160,071	\$ 141,784	\$ 150,301	106.5%
OVERHEAD	\$ 48,779	\$ 35,808	\$ 38,418	127.0%
GENERAL EXPENSES				
Auto Operation/Travel	\$ 23,225	\$ 14,119	\$ 12,008	193.4%
Audits	\$ 7,341	\$ 6,399	\$ 6,607	111.1%
Handler Compliance Audit	\$ 9,980	\$ 9,819	\$ 8,838	112.9%
Committee Expenses	\$ 17,140	\$ 14,418	\$ 12,978	132.1%
Consultants	\$ 17,667	\$ 17,663	\$ 15,899	111.1%
Strategic Planning	\$ 2,200	\$ 2,200	\$ 1,980	111.1%
Liability Insurance	\$ 4,360	\$ 3,040	\$ 4,842	90.0%
Miscellaneous	\$ 6,280	\$ 6,079	\$ 1,566	401.0%
Prior Year	\$ 3,000	\$ 2,060	\$ 2,700	111.1%
TOTAL GENERAL EXPENSES	\$ 91,193	\$ 75,797	\$ 67,418	135.3%
INDUSTRY ACTIVITIES	\$ 20,950	\$ 20,947	\$ 18,855	111.1%
OTHER EXPENSES				
CDFA Marketing Branch	\$ 20,000	\$ 19,998	\$ 50,000	40.0%
Legal - State Atty General	\$ 100	\$ 100	\$ 100	100.0%
Inspection	\$ -	\$ -	\$ -	0.0%
Economic Research	\$ -	\$ -	\$ -	0.0%
CDFA Compliance Audit	\$ -	\$ 2,322	\$ 7,200	0.0%
Export Protocol Support	\$ 2,000	\$ 2,000	\$ 1,800	111.1%
Uncollected Accounts	\$ 6,670	\$ 320	\$ -	0.0%
Critical Response Contingency	\$ -	\$ -	\$ -	0.0%
TOTAL OTHER EXPENSES	\$ 28,770	\$ 24,740	\$ 59,100	48.7%
INSPECTION/COMPLIANCE ACTIVITIES	\$ 25,083	\$ 25,175	\$ 23,780	105.5%
REG./RESEARCH ACTIVITIES	\$ 122,710	\$ 123,398	\$ 113,830	107.8%
INDUSTRY RELATION ACTIVITIES	\$ 19,972	\$ 20,645	\$ 18,743	106.6%
DOMESTIC MARKET DEVELOPMENT & RESEARCH	\$ 102,632	\$ 151,887	\$ 118,942	86.3%
EXPORT MARKET DEVELOPMENT & RESEARCH *	\$ 785,205	\$ 784,550	\$ 706,789	111.1%
TOTAL ALL EXPENSES	\$ 1,405,365	\$ 1,404,729	\$ 1,316,175	106.8%
NET INCOME	\$ (209,865)	\$ (279,901)	\$ (258,448)	
NET INCOME & CARRY FORWARD	\$ 136,048	\$ 345,913	\$ 144,377	94.2%

*Due to differences in fiscal year ends, these numbers contain both current year program costs as well as unused funds from the prior season carried forward into this year

*California Tree Fruit Marketing Board
Budget Report
Projected Budget through February 28, 2011*

	2010		Prior Year		Variance to PY Budget
	Peach/Nectarine	Projected to 2/28/2010	Budget 2009		
PACKAGES SHIPPED	36,800,000	36,527,253	41,000,000		89.8%
Assessment Rates	4.00	2.50	2.50		160.0%
Prior Year Carry-In	\$ 967,714	\$ 1,945,022	\$ 1,252,480		77.3%
INCOME					
Assessments	\$ 1,472,000	\$ 913,181	\$ 1,025,000		89.1%
OTHER INCOME					
Delinquency Charges	\$ 1,000	\$ -	\$ 1,000		100.0%
Interest	\$ 15,000	\$ 16,326	\$ 11,586		129.5%
USDA Map Grant *	\$ 1,040,000	\$ 1,040,035	\$ 1,066,000		97.6%
Inspection Billings	\$ -	\$ -	\$ -		0.0%
Miscellaneous	\$ 3,000	\$ 2,326	\$ -		0.0%
TOTAL INCOME	\$ 2,531,000	\$ 1,971,868	\$ 2,103,586		120.3%
TOTAL INCOME & CARRY-IN	\$ 3,498,714	\$ 3,916,890	\$ 3,356,066		104.3%
EXPENSES					
ADMIN. SALARIES/BENEFITS	\$ 280,513	\$ 292,509	\$ 344,104		81.5%
OVERHEAD	\$ 72,731	\$ 83,071	\$ 87,857		82.8%
GENERAL EXPENSES					
Auto Operation/Travel	\$ 50,985	\$ 28,241	\$ 24,921		204.6%
Audits	\$ 14,682	\$ 12,800	\$ 15,049		97.6%
Handler Compliance Audit	\$ 19,960	\$ 19,641	\$ 20,131		99.2%
Committee Expenses	\$ 34,280	\$ 28,841	\$ 29,561		116.0%
Consultants	\$ 35,333	\$ 35,335	\$ 36,217		97.6%
Strategic Planning	\$ 4,400	\$ 4,400	\$ 4,510		97.6%
Liability Insurance	\$ 8,720	\$ 6,081	\$ 11,029		79.1%
Miscellaneous	\$ 12,560	\$ 11,559	\$ 3,567		352.1%
Prior Year	\$ 8,696	\$ 6,818	\$ 8,846		98.3%
TOTAL GENERAL EXPENSES	\$ 189,616	\$ 153,716	\$ 153,831		123.3%
INDUSTRY ACTIVITIES	\$ 83,800	\$ 83,803	\$ 85,895		97.6%
OTHER EXPENSES					
CDFA Marketing Branch	\$ 80,000	\$ 80,002	\$ 50,000		160.0%
Legal - State Atty General	\$ 100	\$ 100	\$ 100		100.0%
Inspection	\$ -	\$ -	\$ -		0.0%
Economic Research	\$ -	\$ -	\$ -		0.0%
Compliance Audits-CDFA	\$ -	\$ 9,290	\$ 16,400		0.0%
Export Protocol Support	\$ 4,000	\$ 4,000	\$ 4,100		97.6%
Uncollected Accounts	\$ 14,720	\$ 1,270	\$ -		0.0%
Critical Response Contingency	\$ -	\$ -	\$ -		0.0%
TOTAL OTHER EXPENSES	\$ 98,820	\$ 94,662	\$ 70,600		140.0%
INSPECTION/COMPLIANCE ACTIVITIES	\$ 108,237	\$ 100,720	\$ 108,335		99.9%
REG/RESEARCH ACTIVITIES	\$ 354,396	\$ -	\$ -		0.0%
INDUSTRY RELATION ACTIVITIES	\$ 42,916	\$ 41,297	\$ 42,693		100.5%
DOMESTIC MARKET DEVELOPMENT & RESEARCH	\$ 386,799	\$ 530,033	\$ 541,820		71.4%
EXPORT MARKET DEVELOPMENT & RESEARCH *	\$ 1,570,483	\$ 1,569,364	\$ 1,609,907		97.6%
TOTAL ALL EXPENSES	\$ 3,188,311	\$ 2,949,176	\$ 3,045,042		104.7%
NET INCOME	\$ (657,311)	\$ (977,308)	\$ (941,456)		69.8%
NET INCOME & CARRY FORWARD	\$ 310,404	\$ 967,714	\$ 311,024		99.8%

* Due to difference in fiscal year ends, these numbers contain both current year program costs as well as unused funds from the prior season carried forward into this year