

**U.S. Highbush Blueberry Council**  
**Meeting Minutes**  
**October 3, 2014**

Chairman Parm Bains called the meeting of the U.S. Highbush Blueberry Council (USHBC) to order at 10:05am on Friday, October 3, 2014. The first order of business was roll call by USHBC Secretary Shelly Hartmann. The following USHBC members, as well as USDA representative Maureen Pello and USHBC staff members Mark Villata, Mary Nezbeth and Julie Fogarty, attended the meeting, held at the Hyatt Rosemont in Rosemont, Illinois.

John Bennett (Georgia)	Bill Braswell (Region 4)
Bob Carini (Michigan)	Guy Cotton (Handler)
Tim Wetherbee (New Jersey)	Francisco Allende (Importer #1 Alternate)
Steve Erickson (Oregon)	Brian Bocock (Importer #2)
Rob Dhaliwal (Washington Alternate)	Parm Bains (Importer #3)
Mark Hurst (Region 1)	Felipe Juillerat (Exporter Alternate)
Shelly Hartmann (Region 2)	Amy Howell (Public Member)
Dave Arena (Region 3)	

After roll call, Chairman Bains had the attendees introduce themselves around the room. Chairman Bains then addressed the group thanking USHBC committee members, staff and agencies for their efforts which have resulted in the positive momentum our industry currently enjoys.

Agenda item two was the consideration of any additions to the current meeting agenda. Hearing none, the agenda moved to item number three, the adoption of the minutes from the last Council meeting held on February 28, 2014 in Westlake Village, California. Minutes had been mailed to members and alternates following the February meeting. Chairman Bains entertained a motion to accept the minutes as circulated. Tim Wetherbee moved, with a second from Bill Braswell, to approve the minutes as written. The motion carried.

Agenda Item number four was the USDA AMS update, Maureen Pello noted that Sonia Jimenez was recently promoted from the Research & Promotion Program to head up the Office of AMS Compliance and Analysis. The new head of the USDA Research and Promotion Program Branch, replacing Jimenez, is Heather Pichelman, her appointment was effective September 22<sup>nd</sup>. Pichelman brings considerable experience to the program having served in a number of USDA positions.

The next order of business was agenda item number five, the consideration of a USHBC Executive Committee recommendation to expand USHBC membership to include the top eight production states, which at this time would include the states of North Carolina and Florida, as well as two new importer members bringing total membership to 20. Maureen Pello stated that this would require a change to our Research and Promotion Order, to do this the USDA has to engage in a rule making process. USDA would publish the proposed rule detailing the change in the Federal Register for public comment over a 60 day comment period. The USDA would then review comments and if approved publish a final rule that would put the changes into effect. If everything goes smoothly, the process usually can take one year.

Because of the rule making process, it was recommended to make any other additional changes to the order at the same time the expansion of membership is considered. Pello noted that one of the changes would be updating the eligibility of the public member, adding language that is similar to other orders, stating that the public member may not be a grower, handler, importer or have a financial interest in the production, sales, marketing or distribution of blueberries. Also suggested was adding some language to the order to clarify the industry is interested in having diverse representation on the Board. Language would also be added to clarify the regional areas. It was also suggested to expand the language for state,

importer, exporter and public member candidate's selection. Right now these members are recommended by the USHBC or state commission. To allow other qualified and eligible persons to have their name submitted to USDA, the USDA would accept any other names submitted by other industry members in addition to USHBC and state commission nominees. Another suggestion was adding some language to clarify that nominees that want to be on the Council, with the exception of the public member, would need to make sure that they are current on their assessments. It was also suggested to add language that would allow voting to take place via telephone or other electronic means for Council meetings. A clarification on the late fee changes was also proposed. All these proposed updates had been sent to USHBC members and alternates on September 8, 2014 for review prior to today's meeting (See Exhibit #1).

Chairman Bains entertained a motion to accept the expansion of the USHBC membership to two additional states and two additional importers as well as the recommendations of updates and clarifications to the order from Maureen Pello (USDA) as detailed in Exhibit #1. Bill Braswell made the motion with a second from Mark Hurst. Art Galletta recommended changing the motion by adding one additional exporter and one additional importer rather than two importers. Exporters would come from the top two exporting countries. With this change the twenty member USHBC council would include: eight members from the top eight blueberry producing states, four regional members, four importers, two exporters, one handler and one public member. Braswell agreed to this amendment to the motion. There being no further discussion. The motion carried.

The next agenda item was Cort Brazelton's update on the status of the 2014/15 World Acreage Report. Brazelton stated the World Acreage Report was on track and will be ready for a full presentation at the next meeting in the Spring, in Orlando, Florida. He noted that the report will list some new developing countries and that overall it looks like there is approximately a 20% increase in production every two years. Here in North America the West and South continue to grow and the East and Midwest are stable. Specific details will come at our next meeting.

The next order of business was the committee reports and establishment of the 2015 budget. Chairman Bains called on USHBC Finance Committee Chairman Mark Hurst for his committee report.

Hurst stated the Finance Committee meeting, held on October 1<sup>st</sup>, opened with a review of the 2014 expenditures to date and current cash position. Assets total is \$2,926,700, with Liability totaling \$1,112,860. Accounts Payable are at \$1,056,254 and of this total \$748,721 represents health research projects still in progress (Exhibit #2). The Finance Committee reviewed 2014 budget expenditures through August 2014 which total \$3,117,796 out of a total budget of \$5,288,327 (Exhibit #3).

The Finance Committee reviewed 2013 crop income and projection of 2014 crop assessments. Based on anticipated income and current cash in the bank, less anticipated expenses, the committee projects a total of \$7,433,494 available for 2015. Given these projections the committee recommends a 2015 budget of \$7,433,000 allocated as follows (see Exhibit 4):

Market Promotion & Publicity	\$4,502,000
Health Research	\$1,214,500
Industry Relations	\$ 100,000
Good Practices	\$ 198,250
USHBC Program Fees	\$ 226,000
General Expenses	\$ 134,632
Administration	\$ 463,830
Travel & Meeting Expenses	\$ 205,700
<u>Uncommitted Expenses</u>	<u>\$ 388,088</u>
2015 Total	\$7,433,000

The Finance Committee proposed to continue to use the firm PCC to conduct the 2014 audit and have Mark Hurst accompany Tom Avinelis to the Folsom office in the coming months for our internal review.

Finance Chairman Hurst moved to accept the Finance Committee meeting report and budget as allocated. The motion was given with a second by Bob Carini and the motion carried.

Next, Health Research Committee Chairman Dave Brazelton gave a report from his committee meeting held on October 2. He stated that the Health Research Committee reviewed their Strategic Plan goals and continues to be on track to meet objectives by 2017. The Health Research Committee reviewed their freeze dried and frozen blueberry inventory and will be doing an analysis on all blueberry product in inventory at the present time to determine if it is still viable. The committee also approved specifications for future frozen blueberry purchases. Brazelton reported that they had also reviewed progress on current research projects and are encouraged by positive results to date on many of these research studies. He continued noting that the committee reviewed and approved a RFP packet and timeline. This will be the first year that we go to a yearly RFP with the 2015 RFP announcement set for next month.

The Health Research Committee also discussed the Research Roundtable in April scheduled for San Diego. The roundtable will include a committee meeting, update on current research projects by invited researchers, and a blueberry field tour.

The Health Research Committee also reviewed and approved its 2015 budget which totals \$1,214,500, allocated as follows:

Research Administration	\$ 80,000
Blueberry Research Bank	\$ 45,000
Blueberry Researcher Travel	\$ 12,000
Sponsorships	\$ 2,500
Research Unallocated Expense (RFP)	\$1,000,000
Blueberry Research Meeting	\$ 50,000
Unallocated Reserve	\$ 25,000

Brazelton noted that the Health Research Committee reviewed a study being conducted by Purdue University dealing with calcium and bone health. Blueberries are featured in this study and Leslie Wada will be in touch with the researchers to learn more about this upcoming research and will be reporting back to the committee on how we might cooperate. The committee also discussed a possible microbial study conducted by Dr. Rimm. Wada will be asking Dr. Rimm for a formal proposal for the committee to consider at our next meeting.

In addition to these two studies the Health Research Committee discussed a research project to be conducted by Rush University. This multiple year study will look at the effect of diet and weight loss on the rate of cognitive decline in overweight adults who have a family history of dementia. The researchers are asking for blueberries to be used as part the of the diet and a subcommittee will be in touch with the researchers in the coming weeks to get more detail on product requirements and will get back to the Health Research Committee with recommendations.

At the close of the report Francisco Allende moved, with a second from Mark Hurst, to accept the report submitted by the Health Research Committee and their proposed 2015 budget of \$1,214,500. The motion carried.

Industry Relations Committee Chairman Francisco Allende then gave a report from his committee meeting of October 3. Allende noted that the committee reviewed its strategic plan goals and objectives, and is making adjustments to their activities to help achieve their goals. He noted that the Bluespaper was being sent via email monthly at this time, and it was suggested to consider increasing the number of issues of the Bluespaper during the summer season. The committee will continue to monitor our information distribution. One area not meeting its goal is the number of industry members signed on to the Amerilert System. The USHBC is building a member database, to be completed by the end of this year, which should facilitate this goal as all the members in the database will be uploaded into Amerilert. He also reviewed the Ambassador program and noted there were five invited attendees at this meeting. The Committee will work with the regional members to increase follow-up attendance to USHBC meetings under the Ambassador Program. The committee also proposed to add one more member to the Executive Committee as a member-at-large and nominated John Bennett for this position. All other officer positions are recommended to remain as seated for 2015. He stated that USHBC elections will be conducted again in 2015 and the committee will be working on nominees for Exporter, Importer #1, and Public Member.

He continued his report noting that the USHBC meeting locations are set for the next two years and an analysis will be made of the cost of airport hub locations versus non hub sites. Allende completed his report with a review of the Industry Relations 2015 recommended budget totaling \$100,000. Tim Wetherbee moved, with a second from Shelly Hartmann, to accept the report and recommendations submitted by the Industry Relations Committee. The motion carried.

Next, Good Practices Committee Chairman Bob Hawk gave his report from the Good Practices Committee meeting on October 2. He stated that his committee opened their meeting with a review of strategic plan goals and results to date and are making positive progress on all objectives. The committee was given an update on activities to date starting with results from the Mechanical Harvesting Subcommittee project testing harvesting and handling impact on blueberries which is nearing completion. A final report is expected by the end of this year. Researchers have received USDA Specialty Crop Research Initiative funds to continue this research over a 4 year period starting in 2015.

The Good Practices Committee discussed the MRL Chart which is distributed each year to the industry and will ask that MRL data for Hong Kong be added to the chart and that data for Taiwan be updated. Discussion on MRLs in Europe followed, specifically MRLs dealing with residues from phosphonate fertilizer. As this is an issue that concerns a number of commodities, and the European blueberry industry, it was decided that the committee will not engage on this issue at this time, but will form a subcommittee to contact European blueberry growers to get up to speed on this issue and react if deemed necessary.

Hawk reported that the Good Practices Committee was also given an update from Norm Hartman on our Issue Management Plan. Hartman provided an overview of the tabletop mock trial of the crisis plan conducted at the Folsom office earlier this year. Following yesterday's meeting the Good Practices committee conducted a vulnerability audit to determine whether additional issues should be added to our dark website responses.

The Good Practices Committee discussed issuing a RFP to receive good practices related research proposals as directed by its strategic plan. Based on committee input to date the key topic for research would be SWD. The committee has decided to conduct an international Meta-Analysis to collect all current research on SWD in blueberries and in other soft fruit. Additional details concerning this project and projected budget will be discussed with Dr. Juan Silva and will be presented to the committee for consideration. Once this data collection is complete, this information will be used to determine where we may go with our own SWD research project.

Hawk concluded his report noting that the Good Practices Committee had reviewed and approved its 2015 budget of \$198,250 allocated as follows:

Alert Site Server & Maintenance	\$10,000
TMT Retainer/Crisis Plan	\$24,750
Media Training	\$16,500
Issue Management Reserve	\$ 5,000
Printing	\$ 2,000
Alliance for Food and Farming	\$10,000
Good Practices Research Study	\$50,000
Pest Analysis for Fresh Market Access	\$75,000
Good Practices Unallocated Expense	\$ 5,000

At the conclusion of the report, Bob Carini moved, with a second from Francisco Allende, to accept the report from the Good Practices Committee as presented. The motion carried.

Up next was Promotion Committee Chairman Kirk McCreary to give his report. He stated that the committee met October 2 and reviewed 2015 marketing proposals for Food Manufacturer Publicity, Export Market Promotion and Consumer/Foodservice Promotion programs. He noted the Promotion Committee had met in September 2014 for an in-depth review of 2014/2015 promotion activities. Based on outcomes from the September meeting, final activities for the coming year were presented at yesterday's meeting. He asked that the minutes from the September meeting be added to these minutes to provide an overview of actions taken by the committee to date (See Exhibit #5). He also thanked John Bennett and Lorrie Merker for all their work in hosting our Editor Tour earlier this year.

McCreary mentioned the 2015 Consumer/Foodservice Plan includes reserve funds which may be allocated to a cooperative promotion with General Mills. A final decision on this project will be made by the committee following additional discussions with General Mills. The committee may also consider a promotion with Weight Watchers should additional funding be available. He reported that at yesterday's meeting Promotion Committee member Andres Armstrong provided a projection on the coming Chilean blueberry crop and steps being taken this year to control the European Grapevine Moth as required by USDA/APHIS.

The Promotion Committee had also reviewed export market promotion activities, which are budgeted at \$650,000 with a reserve of \$200,000 to be allocated once the 2015 Export Market Promotion proposal submitted to USDA /FAS is announced. Once we are notified of our allocation, the USHBC Export Subcommittee will meet and make final decisions on where these funds will be allocated. He also reported that the committee plans to set up a meeting with state blueberry commissions and their export committee chairmen to discuss how the USHBC and the states can coordinate export market promotion efforts.

McCreary concluded his report stating that based on committee review, the Promotion Committee recommends a 2015 promotional budget of \$4,502,000 allocated as follows:

\$3,000,000	Consumer/Food Service Promotion
\$ 600,000	Food Manufacturer Publicity
\$ 650,000	Export Market Promotion
\$ 200,000	Export Market Promotion Reserve
\$ 52,000	Unallocated Marketing Expense

Brian Bocock moved for acceptance of the Promotion Committee report along with a statement of thanks to Michael Whitlow and his team at Padilla/CRT and Thomas Payne for the excellent work they have done in blueberry promotions. Dave Arena seconded the motion and the motion carried.

Next order of business was the final consideration of the 2015 budget. Chairman Bains called on Mark Villata to report. Villata stated that having not heard any request to modify the budget it stands as presented by the USHBC Finance Committee at \$7,433,000 (See Exhibit #4). Maureen Pello suggested that the USHBC delegate authority to its committees to allow them to allocate funds for activities in 2015 that would be funded with their Unallocated Funds carried within their 2015 budget categories. Bob Carini moved to accept the 2015 budget and allow the committees to allocate their unallocated funds as they deem necessary. The motion was seconded by Bill Braswell, and the motion carried.

Chairman Bains closed the meeting noting that the next USHBC meeting will be held February 25 to February 27, 2015 in Orlando, Florida.

There being no further business Francisco Allende moved, with a second from Shelly Hartmann, to adjourn the meeting. The motion carried and the meeting of the USHBC was adjourned at 11:35AM.

## Exhibit #1



### USHBC MEMO

To: USHBC Members and Alternates  
From: Mark Villata  
Date: September 8, 2014  
Re: Updates to USHBC Order

We will be discussing the possibility of expanding the number of members on the USHBC Council at our meeting in Chicago on October 3, 2014. If we move forward with this plan we will need to publish the change in the Federal Register for comment. At the same time we could also make additional modifications to the order.

I have attached a draft with suggested updates to current language in the Order. These updates have been reviewed by the USDA. Updates are highlighted and in red type. In addition to the changes that would be made to increase USHBC membership to a total of 20, the definition of a public member has been expanded; a statement on our effort to have a diverse representation has been added ; the regional representation definition has been updated; an expansion of state member, importer, exporter, handler and public member candidates beyond those recommended by the Council or the state blueberry commission has been added along with a statement that nominees must be current with their USHBC assessments; voting by telephone or other electronic means at Council meetings has been included; and details on late payment charges have been expanded.

Please call if you have any questions concerning these modifications which will be presented to the Council for a vote on October 3 if the Council moves to expand to 20 members.

**Exhibit # 1**

**§1218.40 Establishment and membership.**

(a) *Establishment of the U.S. Highbush Blueberry Council.* There is hereby established a U.S. Highbush Blueberry Council, hereinafter called the Council, composed of no more than ~~16~~ 20 members and alternates, appointed by the Secretary from nominations as follows:

(1) One producer member and alternate from each of the following regions:

(i) Region #1 Western Region (all states from the Pacific east to the Rockies): Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

(ii) Region #2 Midwest Region (all states east of the Rockies to the Great Lakes and south to the Kansas/Missouri/Kentucky state line): Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

(iii) Region #3 Northeast Region (all states east of the Great Lakes and North of the North Carolina/Tennessee state line): Connecticut, Delaware, New York, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, Pennsylvania, Rhode Island, Virginia, Vermont, Washington, D.C., and West Virginia.

(iv) Region #4 Southern Region (all states south of the Virginia/Kentucky/Missouri/Kansas state line and east of the Rockies): Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, and Texas.

(2) One producer member and alternate from each of the top sixeight blueberry producing states, based upon the average of the total tons produced over the previous three years. Average tonnage will be based upon production and assessment figures generated by the Council.

(3) ThreeFive importers and alternates.

(4) One exporter and alternate shall be filled by foreign blueberry producers currently shipping blueberries into the United States from the largest foreign blueberry production area, based on a three-year average.

(5) One first handler member and alternate shall be filled by a United States based independent or cooperative organization which is a producer/shipper of domestic blueberries.

(6) One public member and alternate. The public member and alternate public member may not be a blueberry producer, handler, importer, or have a financial interest in the production, sales, marketing or distribution of blueberries.

(b) *Adjustment of membership.* At least once every five years, the Council will review the geographical distribution of United States production of blueberries and the quantity of imports. The review will be conducted through an audit of state crop production figures and Council assessment records. If warranted, the Council will recommend to the Secretary that the



## Exhibit # 1

membership on the Council be altered to reflect any changes in the geographical distribution of domestic blueberry production and the quantity of imports. If the level of imports increases, importer members and alternates may be added to the Council.

(c) Council's Ability to Serve the Diversity of the Industry. When making recommendations for appointments, the industry should take into account the diversity of the population served and the knowledge, skills, and abilities of the members to serve a diverse population, size of the operations, methods of production and distribution, and other distinguishing factors to ensure that the Council represents the diverse interest of persons responsible for paying assessments, and others in the marketing chain, if appropriate.

### **§1218.41 Nominations and appointments.**

(a) *State representatives* ~~will be made by mail ballot.~~

~~(b1)~~ When a state has a state blueberry commission or marketing order in place, the state commission or committee will nominate members to serve on the Council. At least two nominees shall be ~~submitted~~recommended to the Secretary for each member and each alternate position. Other qualified persons interested in serving in the respective state positions but not nominated by their State marketing order or commission will be designated as additional nominees for consideration by the Secretary.

~~(e2)~~ Nomination and election of ~~regional and~~ state representatives where no commission or order is in place will be handled by the Council staff. The Council staff will seek nominations for members and alternates from the specific states ~~and/or regions~~. Nominations will be returned to the Council office and placed on a ballot which will then be sent to producers in the state ~~and/or region~~ for a vote. The final nominee for member will have received the highest number of votes cast. The person with the second highest number of votes cast will be the final nominee for alternate. The persons with the third and fourth highest number of votes cast will be designated as additional nominees for consideration by the Secretary.

(b) Regional representatives. Nomination and election of regional representatives will be handled by the Council staff. The Council staff will seek nominations for members and alternates from the specific regions. Nominations will be returned to the Council office and placed on a ballot which will then be sent to producers in the region for a vote. The final nominee for member will have received the highest number of votes cast. The person with the second highest number of votes cast will be the final nominee for alternate. The persons with the third and fourth highest number of votes cast will be designated as additional nominees for consideration by the Secretary.

~~(dc)~~ Nominations for the importer, exporter, first handler, and public member positions will be made by the Council. Two nominees for each member and each alternate position will be ~~submitted~~recommended to the Secretary for consideration. Other qualified persons interested in serving in these positions but not recommended by the Council will be designated as additional nominees for consideration by the Secretary.

## **Exhibit # 1**

(d) Producer, handler and importer nominees must be in compliance with the Order's provisions regarding payment of assessments and filing of reports.

(ee) From the nominations, the Secretary shall select the members and alternate members of the Council.

### **§1218.42 Term of office.**

Council members and alternates will serve for a term of three years and be able to serve a maximum of two consecutive terms. A Council member may serve as an alternate during the years the member is ineligible for a member position. When the Council is first established, the state representatives, first handler member, and their respected alternates will be assigned initial terms of three years. Regional representatives, the importer member, the exporter member, public member, and their alternates will serve an initial term of two years. Thereafter, each of these positions will carry a full three-year term. Council nominations and appointments will take place in two out of every three years. Each term of office will end on December 31, with new terms of office beginning on January 1.

### **§1218.43 Vacancies.**

(a) In the event that any member of the Council ceases to be a member of the category of members from which the member was appointed to the Council, such position shall automatically become vacant.

(b) If a member of the Council consistently refuses to perform the duties of a member of the Council, or if a member of the Council engages in acts of dishonesty or willful misconduct, the Council may recommend to the Secretary that the member be removed from office. If the Secretary finds the recommendation of the Council shows adequate cause, the Secretary shall remove such member from office.

(c) Should any member position become vacant, the alternate of that member shall automatically assume the position of said member. Should the positions of both a member and such member's alternate become vacant, successors for the unexpired terms of such member and alternate shall be appointed in the manner specified in §1218.40 and §1218.41, except that said nomination and replacement shall not be required if said unexpired terms are less than six months.

### **§1218.44 Alternate members.**

An alternate member of the Council, during the absence of the member for whom the person is the alternate, shall act in the place and stead of such member and perform such duties as assigned. In the event of death, removal, resignation, or disqualification of any member, the alternate for that member shall automatically assume the position of said member. In the event that both a producer member of the Council and the alternate are unable to attend a meeting, the Council may not designate any other alternate to serve in such member's or alternate's place and stead for such a meeting.

## Exhibit # 1

### **§1218.45 Procedure.**

(a) At a Council meeting, it will be considered a quorum when a minimum of ~~nine~~ **11** members, or their alternates serving in the absence, are present.

(b) At the start of each fiscal period, the Council will select a chairperson and vice chairperson who will conduct meetings throughout that period.

(c) All Council members and alternates will receive a minimum of 10 days advance notice of all Council and committee meetings.

(d) Each member of the Council will be entitled to one vote on any matter put to the Council, and the motion will carry if supported by one vote more than 50 percent of the total votes represented by the Council members present.

(e) It will be considered a quorum at a committee meeting when at least one more than half of those assigned to the committee are present. Alternates may also be assigned to committees as necessary. Committees may also consist of individuals other than Council members and such individuals may vote in committee meetings. These committee members shall serve without compensation but shall be reimbursed for reasonable travel expenses, as approved by the Council.

(f) All votes at meetings of the Council and committees may be cast in person or by electronic voting or other means as the Council and Secretary deem appropriate to allow members participating by telephone or other electronic means to cast votes.

~~(g)~~ In lieu of voting at a properly convened meeting and, when in the opinion of the chairperson of the Council such action is considered necessary, the Council may take action if supported by one vote more than 50 percent of the members by mail, telephone, electronic mail, facsimile, or any other means of communication, and all telephone votes shall be confirmed promptly in writing. In that event, all members must be notified and provided the opportunity to vote. Any action so taken shall have the same force and effect as though such action had been taken at a properly convened meeting of the Council. All votes shall be recorded in Council minutes.

~~(h)~~ There shall be no voting by proxy.

~~(i)~~ The chairperson shall be a voting member.

~~(j)~~ The organization of the Council and the procedures for the conducting of meetings of the Council shall be in accordance with its bylaws, which shall be established by the Council and approved by the Secretary.

### Subpart C Rules and Regulations

§ 1218.520 Late payment and interest charges for past due assessments.

## Exhibit # 1

(1) A late payment charge shall be imposed on any producer, handler or importer who fails to make timely remittance to the Council of the total assessments for which they are liable. The late payment will be imposed on any assessments not received within 30 calendar days of the date when assessments are due. This one-time late payment charge shall be 5 percent of the assessments due before interest charges have accrued.

(2) In addition to the late payment charge, 1 percent per month interest on the outstanding balance, including any late payment and accrued interest, will be added to any accounts for which payment has not been received within 30 calendar days of the date when assessments are due. Interest will continue to accrue monthly until the outstanding balance is paid to the Council.

**EXHIBIT #2**

**U.S. Highbush Blueberry Council  
Balance Sheet Previous Year Comparison  
As of August 31, 2014**

	<u>Aug 31, 14</u>	<u>Aug 31, 13</u>	<u>\$ Change</u>	<u>% Change</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
<b>Checking/Savings</b>				
100.00 · EL DORADO SAVINGS BANK	61,846.41	23,247.20	38,599.21	166.04%
105.00 · EL DORADO SAVINGS CD	457,396.90	456,741.38	655.52	0.14%
110.00 · SAVINGS ACCOUNT	1,994,819.72	2,374,586.10	-379,766.38	-15.99%
<b>Total Checking/Savings</b>	<u>2,514,063.03</u>	<u>2,854,574.68</u>	<u>-340,511.65</u>	<u>-11.93%</u>
<b>Accounts Receivable</b>				
120.00 · ACCOUNTS RECEIVABLE	76,110.68	3,608.34	72,502.34	2,009.3%
120.10 · ACCOUNTS RECEIVABLE IMPORT	306,967.94	222,496.38	84,471.56	37.97%
<b>Total Accounts Receivable</b>	<u>383,078.62</u>	<u>226,104.72</u>	<u>156,973.90</u>	<u>69.43%</u>
<b>Other Current Assets</b>				
145.00 · PROMOTIONAL MATERIAL	28,649.68	8,853.00	19,796.68	223.62%
<b>Total Other Current Assets</b>	<u>28,649.68</u>	<u>8,853.00</u>	<u>19,796.68</u>	<u>223.62%</u>
<b>Total Current Assets</b>	2,925,791.33	3,089,532.40	-163,741.07	-5.3%
<b>Fixed Assets</b>				
130.00 · OFFICE EQUIPMENT	7,628.40	7,628.40	0.00	0.0%
131.00 · ACCUMULATED DEPRECIATION	-6,719.16	-6,230.37	-488.79	-7.85%
<b>Total Fixed Assets</b>	<u>909.24</u>	<u>1,398.03</u>	<u>-488.79</u>	<u>-34.96%</u>
<b>TOTAL ASSETS</b>	<u><b>2,926,700.57</b></u>	<u><b>3,090,930.43</b></u>	<u><b>-164,229.86</b></u>	<u><b>-5.31%</b></u>
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
<b>Accounts Payable</b>				
200.00 · ACCOUNTS PAYABLE	1,056,254.14	683,190.18	373,063.96	54.61%
<b>Total Accounts Payable</b>	<u>1,056,254.14</u>	<u>683,190.18</u>	<u>373,063.96</u>	<u>54.61%</u>
<b>Other Current Liabilities</b>				
205.00 · DEFERRED CROP ASSESSMENT REV.	56,606.72	23,821.80	32,784.92	137.63%
<b>Total Other Current Liabilities</b>	<u>56,606.72</u>	<u>23,821.80</u>	<u>32,784.92</u>	<u>137.63%</u>
<b>Total Current Liabilities</b>	<u>1,112,860.86</u>	<u>707,011.98</u>	<u>405,848.88</u>	<u>57.4%</u>
<b>Total Liabilities</b>	1,112,860.86	707,011.98	405,848.88	57.4%
<b>Equity</b>				
390.00 · RETAINED EARNINGS	230,815.67	822,907.77	-592,092.10	-71.95%
Net Income	1,583,024.04	1,561,010.68	22,013.36	1.41%
<b>Total Equity</b>	<u>1,813,839.71</u>	<u>2,383,918.45</u>	<u>-570,078.74</u>	<u>-23.91%</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>2,926,700.57</b></u>	<u><b>3,090,930.43</b></u>	<u><b>-164,229.86</b></u>	<u><b>-5.31%</b></u>

**EXHIBIT #3**

**U.S. Highbush Blueberry Council  
Profit & Loss Budget vs. Actual  
January through August 2014**

	<u>Jan - Aug 14</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Income</b>				
<b>400.00 - INCOME</b>				
400.01 - DOMESTIC CROP ASSESSMENTS	2,935,909.17	2,891,940.00	43,969.17	101.52%
400.02 - FOREIGN CROP ASSESSMENTS	1,759,355.30	2,400,000.00	-640,644.70	73.31%
400.00 - INCOME - Other	31.00			
<b>Total 400.00 - INCOME</b>	<b>4,695,295.47</b>	<b>5,291,940.00</b>	<b>-596,644.53</b>	<b>88.73%</b>
<b>400.10 - INTEREST INCOME</b>				
400.11 - INTEREST INCOME CD	426.47			
400.12 - INTEREST INCOME GENERAL	15.64			
400.13 - INTERST INCOME SAVINGS	3,579.73			
400.14 - INTEREST FOR LATE CROP PAYMENTS	9.91			
<b>Total 400.10 - INTEREST INCOME</b>	<b>4,031.75</b>			
400.20 - LATE FEE INCOME	75.68			
400.51 - WUSATA FUNDS KOREA	127,219.66			
<b>Total Income</b>	<b>4,826,622.56</b>	<b>5,291,940.00</b>	<b>-465,317.44</b>	<b>91.21%</b>
<b>Gross Profit</b>	<b>4,826,622.56</b>	<b>5,291,940.00</b>	<b>-465,317.44</b>	<b>91.21%</b>
<b>Expense</b>				
<b>500.00 - MARKET PROMOTION AND PUBLICITY</b>				
500.10 - CONSUMER/FOOD SERVICE PUBLICITY	1,543,750.00	2,203,500.00	-659,750.00	70.06%
500.20 - FOOD MANUFACTURER PUBLICITY	307,665.00	509,500.00	-201,835.00	60.39%
500.30 - EXPORT MARKET PROMOTION	442,749.32	650,000.00	-207,250.68	68.12%
500.305 - UNALLOCATED MARKET PROM (USHBC\$)	0.00	247,500.00	-247,500.00	0.0%
500.40 - USDA/MAP ALLOCATION (USDA \$)	52,007.71			
500.70 - UNALLOCATED EXP	7,000.00	10,432.00	-3,432.00	67.1%
<b>Total 500.00 - MARKET PROMOTION AND PUBLICITY</b>	<b>2,353,172.03</b>	<b>3,620,932.00</b>	<b>-1,267,759.97</b>	<b>64.99%</b>
<b>550.00 - HEALTH RESEARCH</b>				
550.20 - RESEARCH UNALLOCATED EXPENSE	0.00	53,947.00	-53,947.00	0.0%
550.211 - SIMMONS COLLEGE (CAREY)	12,627.11	40,452.00	-27,824.89	31.22%
550.212 - USDA (Hwang)	0.00	125,551.00	-125,551.00	0.0%
550.213 - HARVARD (Sesso)	0.00	85,050.00	-85,050.00	0.0%
550.30 - BLUEBERRY RESEARCH BANK	33,937.10	30,000.00	3,937.10	113.12%
550.40 - RESEARCHER TRAVEL	5,236.13	10,000.00	-4,763.87	52.36%
550.60 - RESEARCH ADMINISTRATOR	28,000.00	48,000.00	-20,000.00	58.33%
550.70 - SPONSORSHIPS	0.00	2,500.00	-2,500.00	0.0%
<b>Total 550.00 - HEALTH RESEARCH</b>	<b>79,800.34</b>	<b>395,500.00</b>	<b>-315,699.66</b>	<b>20.18%</b>
<b>600.00 - INDUSTRY RELATIONS</b>				
600.10 - INDUSTRY RELATIONS ACTIVITIES	8,854.28	30,000.00	-21,145.72	29.51%
600.22 - GROWER ENGAGE/EDUCUCATION	0.00	10,000.00	-10,000.00	0.0%
600.25 - BLUEBERRY ACREAGE STUDY	0.00	18,000.00	-18,000.00	0.0%
600.26 - ASSOCIATION MEMBERSHIPS	10,225.00	10,000.00	225.00	102.25%
600.30 - IND RELATIONS UNALLOCATED EXP	0.00	9,000.00	-9,000.00	0.0%
<b>Total 600.00 - INDUSTRY RELATIONS</b>	<b>19,079.28</b>	<b>77,000.00</b>	<b>-57,920.72</b>	<b>24.78%</b>
<b>610.00 - GOOD PRACTICES</b>				
610.02 - RELY ALERT SITE SERVER/MAINT	395.00	12,000.00	-11,605.00	3.29%
610.03 - TMT RETAINER/CRISIS PLAN MAINT	10,364.24	24,750.00	-14,385.76	41.88%
610.031 - MEDIA TRANING (TMT)	4,500.00	18,000.00	-13,500.00	25.0%
610.032 - ISSUE MANAGEMENT RESERVE (TMT)	0.00	10,000.00	-10,000.00	0.0%
610.04 - PRINTING	218.70	5,000.00	-4,781.30	4.37%
610.05 - ALLIANCE FOR FOOD AND FARMING	10,000.00	10,000.00	0.00	100.0%
610.06 - NBREW CONFERENCE CONTRIBUTION	5,000.00	5,000.00	0.00	100.0%
610.10 - GP UNALLOCATED EXPENSE	0.00	2,500.00	-2,500.00	0.0%
<b>Total 610.00 - GOOD PRACTICES</b>	<b>30,477.94</b>	<b>87,250.00</b>	<b>-56,772.06</b>	<b>34.93%</b>
<b>650.00 - USHBC PROGRAM FEES</b>				
650.20 - USDA AMS ADMINISTRATION FEE	49,738.11	105,000.00	-55,261.89	47.37%
650.30 - US OFFICE GENERAL COUNSEL FEE	0.00	1,000.00	-1,000.00	0.0%
650.50 - NABC RESOURCES & SERVICE FEE	80,000.00	120,000.00	-40,000.00	66.67%
<b>Total 650.00 - USHBC PROGRAM FEES</b>	<b>129,738.11</b>	<b>226,000.00</b>	<b>-96,261.89</b>	<b>57.41%</b>
<b>700.00 - GENERAL EXPENSES</b>				
700.30 - OFFICE RENT	24,601.61	38,830.00	-14,228.39	63.36%
700.40 - OFFICE INSURANCE/TAXES	729.32	1,080.00	-350.68	67.53%
700.50 - SUBSCRIPTIONS	2,486.29	3,000.00	-513.71	82.88%
700.60 - PRINTING	5,212.75	13,500.00	-8,287.25	38.61%

**EXHIBIT #3**

**U.S. Highbush Blueberry Council  
Profit & Loss Budget vs. Actual  
January through August 2014**

	<u>Jan - Aug 14</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
700.70 · OFFICE SUPPLIES	8,795.17	9,900.00	-1,104.83	88.84%
700.80 · PHONE/FAX	9,142.83	7,500.00	1,642.83	121.9%
700.90 · EQUIPMENT REPAIRS/MAINTENANCE	1,857.10	2,700.00	-842.90	68.78%
700.100 · EQUIPMENT RENTAL	6,361.16	11,700.00	-5,338.84	54.37%
700.110 · POSTAGE/SHIPMENT	3,556.47	14,400.00	-10,843.53	24.7%
700.120 · AUTO ALLOWANCE	4,860.00	7,020.00	-2,160.00	69.23%
700.130 · BANK CHARGES	561.50	500.00	61.50	112.3%
700.140 · OFFICERS LIABILITY INSURANCE	3,797.00	3,575.00	222.00	106.21%
700.145 · BONDING INSURANCE	1,754.50	2,000.00	-245.50	87.73%
700.150 · COMMODITY COALITION INITIATIVE	990.00	1,000.00	-10.00	99.0%
<b>Total 700.00 · GENERAL EXPENSES</b>	<b>74,705.70</b>	<b>116,705.00</b>	<b>-41,999.30</b>	<b>64.01%</b>
<b>800.00 · ADMINISTRATION EXPENSES</b>				
800.10 · SALARIES, INS, PR TAXES	266,713.79	401,099.00	-134,385.21	66.5%
800.110 · CALIFORNIA WORKER'S COMP	2,313.81	3,995.00	-1,681.19	57.92%
800.120 · BOOKKEEPING SERVICE	15,866.65	23,800.00	-7,933.35	66.67%
800.121 · RETIREMENT PROGRAM ADMIN	1,508.75	3,145.00	-1,636.25	47.97%
800.130 · LEGAL/AUDIT FEES	15,300.00	15,600.00	-300.00	98.08%
800.134 · TRADE MONITORING	10,000.00	10,000.00	0.00	100.0%
800.140 · DEPRECIATION	634.07	550.00	84.07	115.29%
800.150 · ADMINISTRATIVE UNALLOCATED EXP	0.00	4,500.00	-4,500.00	0.0%
<b>Total 800.00 · ADMINISTRATION EXPENSES</b>	<b>312,337.07</b>	<b>462,689.00</b>	<b>-150,351.93</b>	<b>67.51%</b>
<b>850.00 · TRAVEL AND MEETING EXPENSES</b>				
850.10 · EXECUTIVE DIRECTOR TRAVEL	5,735.91	27,000.00	-21,264.09	21.24%
850.15 · ADMINISTRATIVE STAFF TRAVEL	5,376.58	15,300.00	-9,923.42	35.14%
850.20 · OFFICER/MEMBER TRAVEL	68,010.31	135,000.00	-66,989.69	50.38%
850.30 · MEETINGS	37,973.88	30,000.00	7,973.88	126.58%
850.40 · AMBASSADOR PROGRAM	1,389.51			
<b>Total 850.00 · TRAVEL AND MEETING EXPENSES</b>	<b>118,486.19</b>	<b>207,300.00</b>	<b>-88,813.81</b>	<b>57.16%</b>
<b>900.00 · UNALLOCATED EXPENSE</b>	<b>0.00</b>	<b>94,951.00</b>	<b>-94,951.00</b>	<b>0.0%</b>
<b>Total Expense</b>	<b>3,117,796.66</b>	<b>5,288,327.00</b>	<b>-2,170,530.34</b>	<b>58.96%</b>
<b>Net Income</b>	<b>1,708,825.90</b>	<b>3,613.00</b>	<b>1,705,212.90</b>	<b>47,296.59%</b>
<b>BEGINNING CASH 12/31/13</b>	<b>4,640,667.11</b>			
<b>SOURCE OF FUNDS</b>				
<b>REVENUES</b>	<b>4,826,622.56</b>			
ACCOUNTS RECEIVABLE	0.00			
ACCOUNTS PAYABLE	0.00			
DEFERRED CROP ASSESSMENTS	0.00			
DEPRECIATION	325.84			
PROMOTIONAL MATERIAL	0.00			
PREPAID EXPENSE	5,725.00			
SUSPENSE	0.00			
<b>APPLICATION OF FUNDS</b>				
<b>EXPENSES</b>	<b>3,117,796.66</b>			
ACCOUNTS RECEIVABLE	154,144.85			
OFFICE EQUIPMENT	0.00			
ACCOUNTS PAYABLE	849,193.62			
DEFERRED CROP ASSESSMENTS	2,838,142.35			
PREPAID EXPENSE	0.00			
SUSPENSE	0.00			
<b>ENDING CASH 08/31/14</b>	<b>2,514,063.03</b>			

**EXHIBIT #4**

**RECOMMENDED 2015 USHBC BUDGET  
OCTOBER 03, 2014**

	<u>2015</u> <u>USHBC</u> <u>Recommended</u> <u>Budget</u>
Expense	
<b>500.00 · MARKET PROMOTION AND PUBLICITY</b>	
500.10 · CONSUMER/FOOD SERVICE PUBLICITY	3,000,000
500.20 · FOOD MANUFACTURER PUBLICITY	600,000
500.30 · EXPORT MARKET PROMOTION (USHBC \$)	650,000
500.305 · UNALLOCATED EXPORT MARKETING EXPENSE (USHBC\$)	200,000
500.31 USDA MAP ALLOCATION (USDA \$ TBD)	0
500.70 · UNALLOCATED MARKETING EXPENSE	52,000
<b>Total 500.00 · MARKET PROMOTION AND PUBLICITY</b>	<u>4,502,000</u>
<b>550.00 · HEALTH RESEARCH</b>	
550.20 · RESEARCH UNALLOCATED EXPENSE (RFP)	1,000,000
550.30 · BLUEBERRY RESEARCH BANK	45,000
550.40 · RESEARCHER TRAVEL	12,000
550.60 · RESEARCH ADMINISTRATION	80,000
550.70 · SPONSORSHIPS	2,500
550.71 · BLUEBERRY RESEARCHER MEETING	50,000
550.72 · UNALLOCATED RESERVE	25,000
<b>Total 550.00 · HEALTH RESEARCH</b>	<u>1,214,500</u>
<b>600.00 · INDUSTRY RELATIONS</b>	
600.10 · INDUSTRY RELATIONS ACTIVITIES	35,000
600.20 · USHBC EVALUATION/STRATEGIC PLAN	28,000
600.22 · GROWER ENGAGEMENT/EDUCATION/AMBASSADOR PROGRAM	15,000
600.26 · ASSOCIATION MEMBERSHIPS	11,500
600.30 · INDUSTRY RELATIONS UNALLOCATED EXPENSE	10,500
<b>Total 600.00 · INDUSTRY RELATIONS</b>	<u>100,000</u>
<b>610.00 · GOOD PRACTICES</b>	
610.02 · RELY ALERT SITE SERVER/MAINTENANCE	10,000
610.03 · TMT RETAINER/CRISIS PLAN MAINTENANCE	24,750
610.031 · MEDIA TRAINING (TMT)	16,500
610.032 · ISSUE MANAGEMENT RESERVE (TMT)	5,000
610.04 · PRINTING	2,000
610.05 · ALLIANCE FOR FOOD AND FARMING	10,000
610.06 · GOOD PRACTICES RESEARCH STUDY	50,000
610.07 · PEST ANALYSIS FOR FRESH MARKET ACCESS	75,000
610.10 · GOOD PRACTICES UNALLOCATED EXPENSE	5,000
<b>Total 610.00 · GOOD PRACTICES TOTAL</b>	<u>198,250</u>
<b>650.00 · USHBC PROGRAM FEES</b>	
650.20 · USDA AMS ADMINISTRATION FEE	105,000
650.30 · US OFFICE GENERAL COUNSEL FEE	1,000
650.50 · NABC RESOURCES & SERVICE FEE	120,000
<b>Total 650.00 · USHBC PROGRAM FEES</b>	<u>226,000</u>
<b>700.00 · GENERAL EXPENSES</b>	
700.30 · OFFICE RENT	42,462
700.40 · OFFICE INSURANCE/TAXES	990
700.50 · SUBSCRIPTIONS	2,700
700.60 · PRINTING	12,240
700.70 · OFFICE SUPPLIES	10,440
700.80 · PHONE/FAX	9,750
700.81 · COMPUTER IT SERVICE	6,750
700.90 · EQUIPMENT/REPAIRS/MAINTENANCE	10,800
700.100 · EQUIPMENT RENTAL	10,800
700.110 · POSTAGE/SHIPMENT	10,800



**EXHIBIT #4****RECOMMENDED 2015 USHBC BUDGET  
OCTOBER 03, 2014**

700.120 - AUTO ALLOWANCE	7,020
700.130 - BANK CHARGES	500
700.140. OFFICERS LIABILITY INSURANCE	4,030
700.145. BONDING INSURANCE	600
700.150. COMMODITY COALITION INITIATIVE	1,000
700.160. GENERAL UNALLOCATED EXPENSES	3,750
<b>Total 700.00 - GENERAL EXPENSES</b>	<b>134,632</b>
800.00 - ADMINISTRATION EXPENSES	
800.10 -SALARIES, PR TAXES, INSURANCE BENEFITS	398,950
800.110- CALIFORNIA WORKER'S COMP	3,740
800.120 - BOOKKEEPING SERVICE	25,500
800.121 - RETIREMENT PROGRAM ADMINISTRATION	2,635
800.130 - LEGAL/AUDIT FEES	15,300
800.134 - TRADE MONITORING	10,080
800.140 - DEPRECIATION	125
800.150 - ADMINISTRATIVE UNALLOCATED EXPENSES	7,500
800.160 - FEDERAL TAXES	0
<b>Total 800.00 - ADMINISTRATION EXPENSES</b>	<b>463,830</b>
850.00 - TRAVEL AND MEETING EXPENSES	
850.10 - EXECUTIVE DIRECTOR TRAVEL	18,000
850.15 ADMINISTRATIVE STAFF TRAVEL	11,700
850.20 - OFFICER/MEMBER TRAVEL	144,000
850.30 - MEETINGS	32,000
<b>Total 850.00 - TRAVEL AND MEETING EXPENSES</b>	<b>205,700</b>
900.00 - UNCOMMITTED EXPENSE	388,088
<b>Total Expense</b>	<b>7,433,000</b>