

MINUTES
MICHIGAN ASPARAGUS ADVISORY BOARD
Dec 6, 2021
Amway, Grand Rapids

Chairman, Dwight Fuehring called the meeting to order at 1:30 pm.

MEMBERS PRESENT: Sarah Greiner, Jordon Walsworth, Dwight Fuehring, Kyle Weber
Bill Schwass, John Williams, Scott Hassle, Kevin Burmeister and
Nick Oomen

MEMBERS ABSENT: None

OTHERS PRESENT: Jamie Clover Adams – Executive Director, Joy McDevitt – Accountant/Office
Manager, Heather Throne (MDARD), Ben Werling (MSUE), John Kran (MFB),
Dawn Drake (MACMA), Norm Meyers (MACMA), Nick Nadai (MACMA)

MINUTES

The minutes from the last meeting, July 27, 2021, were sent to the Board for review, prior to the meeting. Dwight requested a motion to approve minutes.

Motion Motion by Bill Schwass, supported by Sarah Greiner to approve the minutes of the
No. 1 July 27, 2021 as presented. **Motion passed.**

AUDIT REPORT

Keith Pfeifle, partner at Maner Costerisan, presented the Audit Report. He stated that the Independent Auditor's Report was a "clean" unmodified report, which is the goal. He pointed out a few items: Page 10 the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance (Income Statement) shows income of \$475,398 with expenses of \$411,119 resulting in income of \$64,279 leaving the fund balance at \$568,170. He noted MAAB is heavily reliant on assessments, but the organization has a full year fund balance to cover expenses should assessments be down. He covered the Notes, pages 12-18. Note 1 and 2 were same as last year. Note 3- is a long way of saying we are covered on our FDIC deposit risk. Page 18, Note 9, Grant awards, revenue equals expenses. The Governance letter stated no difficulty with management during the audit.

The question was asked does the Fund Balance reflect the change in assessment rate from .0175 to .015? It was pointed out the year ending 6-30-21 was for crop year 2020 which was still at .0175; it will be fiscal year ending 6-30-22 (crop year of 2021) which will reflect the lower assessment rate. Keith Pfeifle pointed out that in the school districts he audits, their goal is to maintain only 10-15% of current year expenses in their fund balance as compared to our 100%.

Motion Motion by Kyle Weber, supported by Jordon Walsworth to accept the Audit Report as
No. 2 presented, pending review and approval from MDARD. All Ayes. **Motion passed.**

At this point we continued on with the business portion of the meeting until it was time for the Zoom presentation from New Zealand to begin at 2:00 pm.

PARTNER REPORTS:

MACMA Asparagus Report:

Dawn Drake presented the MACMA update. MACMA had proposed changes to the USDA grading standards on Bonus purchases. The USDA agreed to:

- Diameter: ¼” - ¾”
- Length of cuts & tips: 1” plus/minus ¼”

MAAB and MACMA will need to decide if we're moving forward on a Bonus Purchase buy.

MSUE

Ben Werling gave an update on the upcoming Oceana Asparagus Day, Thursday, March 10, 2022 in person at the New Era Church. It was asked if at some time will the event be moved to the new Research Station. Ben pointed out that the New Era Church has the advantage of a separate Exhibit Hall. Topics will include living without chlorpyrifos and the use of permethrin – effective against cut worm. The following research projects are ongoing and will be addressed.

- Dr. Randy Beaudry – Controlled atmosphere storage: this past harvest asparagus was acquired from three different growers and researchers used empty apple controlled atmosphere chambers for the project.
- Zsofia Szendrei- Asparagus Beetle – work done by her grad student on overwintering habits
- Dan Brainard – Asparagus emergence related to soil temperature
- Mary Hausbeck – how late can you apply fungicide and still have results.
- Younsuk Dong– continues his irrigation sensors with plans to expand to more growers

Hearing no questions, we continued with the remainder of the MACMA report from Norm Myers.

MACMA Asparagus Report: continuation

Norm Myers introduced Nick Nadai who will be assuming Norm's duties in the future. He reported that they are finishing the MACMA elections and noted Caleb Herrygers is an At-Large member.

Discussion continued on the USDA Bonus purchase, in light of the new standards reported earlier by Dawn Drake. Norm asked for a motion to move forward with pursuing a purchase. Dawn Drake thought the chances very good of getting another USDA Bonus Buy for a second year. Discussion continued as to whether to increase the amount requested: last year we asked for 5 million pounds and received 2.5 million pounds. Concern was expressed that we barely had enough last year to fulfil the fresh market. Norm commented he would like to see all the freezer processors bid; he did say the USDA will go forward with just 1 canner bidder.

The question was asked what if we ask for more pounds than we can deliver; Norm responded it weakens our credibility. Dawn Drake commented if processors bid, then they must deliver. Further comments included: changing the standards would help with fulfilling the bids. Another comment was that they would like to see our own processing and fresh contracts filled first before filling a section 32 bid.

It was asked if we ask for 2.5 million pounds, is it likely/possible to have it cut to 1.25 million pounds? (Since they cut last year's bid by 50%). Norm wasn't sure why it was cut from 5 to 2.5 last year but doesn't think it is likely to occur again.

At this point our guest from New Zealand was ready to join the meeting. MACMA and Bonus Buy issues were addressed later at this meeting.

Zoom Presentation and Discussion on Automated Asparagus Harvesting

Steve Saunders, CEO/Founder, RoboticsPlus (www.roboticplus.co.nz) from New Zealand joined the meeting via Zoom to discuss the automated asparagus harvesting machine his company is developing. Their company has several other automated agricultural machines: an apple packer, a log scaler, kiwi fruit picking machine and unmanned ground vehicles for different agricultural applications.

The New Zealand government is making a substantial investment in the project, \$2.6 million over 4 years as well as investment by New Zealand asparagus growers. Since New Zealand is a country of only about 5 million people, their agriculture is focused on producing a premium product to compete in global markets. That's why their government is willing to invest heavily in innovation.

Currently, the New Zealand asparagus crop is about 1,200 acres and declining; with labor being a major challenge. They rely on RSE (Recognized Seasonal Employer) status to hire "backpackers" for the harvest season. Mechanizing harvest will provide stability for asparagus growers.

The project is still in the development phase with the goal of creating a prototype for commercialization at the end of the 4-year project. Given the asparagus acreage around the world, Steve believes this needs to be a global collaboration among developed countries like Canada, Australia, N.Z., U.K. and the U.S. When asked how much a machine can harvest in a day, the answer was approximately 10 hectares (1 hectare = 2.47 acres) thus 24.7 acres.

PARTNER REPORTS-continued

Michigan Farm Bureau Report – John Kran

John commented there was money in the last farm bill for automation. Focus is already on the next Farm Bill. Currently every chemical is under attack, perhaps this will be addressed in the future Farm Bill. It is helpful that one of our two Senators is the ranking member on the Senate Agriculture Committee (Senator Debbie Stabenow).

Congress has been working on the Build Back Better bill, passed to the Senate on 11-19-21. American Farm Bureau has come out against it.

At this point, our second guest speaker was ready so we moved to Marlo Johnson from USDA's National Agriculture Statistics Service (NASS).

Zoom Presentation and Discussion on USDA's Farm Labor Survey

Marlo Johnson, Regional Director (covering Ohio, Indiana and Michigan) of National Agricultural Statistics Service (NASS) presented information on the Farm Labor survey.

This survey is conducted twice per year to collect information in the periods Jan – April and July – October for those weeks that contain the "12th" of the month (noting this would exclude asparagus harvest season). Nationwide 35,000 are distributed, she did not have the Michigan sample size. They can be carried out via mail and telephone but not currently face to face, due to COVID. The target population includes any farm with \$1,000 or more in sales.

Other points made: H2A workers should be reported separately they should not be included with regular wages. NASS only conducts the survey, the DOL (Department of Labor) then uses the information to come up with the Adverse Effect Wage Rate (AEWR).

See *Exhibit A* for a copy of the Agricultural Labor Survey

Jamie Clover-Adams thanked Marlo Johnson for her presentation.

Discussion on AEWR continued.

Currently our AEWR for Michigan is:

- 2021 \$14.72
- 2022 \$15.37 (an increase by 4.4%)

John Kran continued his MI Farm Bureau update

John stated that the \$15.37 per hour AEWR rate that must be paid to H2A workers puts Michigan in the middle of the nation's rates. Discussion as to the one question on the Survey for the H2A employees. It asks whether you were hiring a contractor? Or hiring the employee? John Kran said he would send a copy of the survey to us.

Comment was made as to why there isn't an adjustment for the amounts paid to an H2A employee to account for other expenses paid on their behalf -- transportation, grower supplied housing, clothing (rain suits, boots), etc.

John Kran continued his update, legislation is needed to cap the AEWR at the 2021 rate, right now there is Republican support. However, with the infrastructure bill and the Build Back Better bill it is unlikely to happen. He said from a survey of Congressional staffers, immigration ranked high on what's important.

John Kran wrapped up. He informed us that Teresa Sisung will be the Michigan Farm Bureau representative in the future.

MDARD Report

Note - Heather Throne had to leave for another meeting and was unable to give an update. The following is what she sent to us after the meeting setting out what she would have covered.

She addressed the different grant programs that are open or deadlines coming up:

- SCBG- The 2022 Specialty Crop Block Grant application window will open on January 4, 2022 There will be additional money again this year because of COVID funds. MDARD is encouraging two proposals per stakeholder group.
- Rural Development Grant – There were 114 grant applications submitted for the Rural Development grants; MDARD is currently competitively scoring the applications, they will award \$1.7 million. An announcement is expected on Feb 23, 2022.
- New grant program in the MDARD budget re. ag technology. More details to come, they will be working with industry and MSU to develop the program.

Dwight Fuehring resumed the meeting.

ANNUAL ORGANIZATIONAL MEETING:

a.) Election of Officers:

Jamie Clover Adams recommends holding off with the election of Officers until we have new members seated. Will address at the next meeting.

b.) Committee Appointments:

Jamie Clover Adams stated Nick Oomen currently serves as the MAAB representative to MARI (Michigan Asparagus Research, Inc). He is willing to continue to serve.

c.) Meeting dates:

The following dates were determined for the 2022 meetings:

- Tuesday, March 8, 2022
- Tuesday, July 26, 2022
- Monday, December 5, 2022 (GL Expo)

EXECUTIVE DIRECTOR'S REPORT

Grower Survey Update

We have sent out 122 surveys, we have received 22 back. 75% of the responses have included an email address. We will be collecting surveys at the GL Expo, with the incentive for growers to have their name in a drawing for a \$50 gift card. A second survey will be mailed out to those for whom we only have a physical address after the first of the year.

Farmer Resources Hub.

The survey helped drive people to the website. Which brought up discussion as to what information should be made available on the website; one board member had a grower call him to express concern at the information available online. It was pointed out that some commodity groups have a password for their growers to be able to access grower focused information. The issue will be addressed again at the March meeting.

Retailer Leave Behind Piece

Board members received a copy. Jamie explained this was designed to be used at the PMA Tradeshow which was to have taken place at the end of October in New Orleans but was cancelled due to a hurricane. The next PMA show, which is now called the International Fresh Produce Association (IFPA) Show after the merger of United Fresh and PMA will be held in October 2022 in Orlando.

Chlorpyrifos

Starting February 28, 2022, the EPA revocation of all tolerances of chlorpyrifos will take effect. Note that they have not banned the product, just removed the tolerances which is a ban for practical purposes. There has been no guidance as to what to do with what growers already have in their possession. It is possible to have a non-food use, with a one-year interval before the plant produces food.

EMERGING ISSUES

Asparagus Cost of Production Bulletin produced by MSUE was last published in 2016. The next version would be based on 2022 data and publish in 2023. Jamie would like to publish sooner given the rapidly changing economics growers face, but MSUE doesn't have the bandwidth. It will cost about \$25,000.

A Back-to-Front piece highlighting the outcomes of the 2021 season promotion program and other projects will be created and inserted in the annual Yield Trial Book produced by MARI. The Yield Trial Book is given to growers at the Oceana Asparagus Day in March.

Jamie brought up a discussion of branded asparagus, similar to the branded tangerine Halo's or Cuties or Certified Angus Beef. There is new research in the produce space that indicates consumers will support a branded product and are willing to pay a premium. She had reached out to the MSU Product Center about the possibility of identifying important features of asparagus like vitamins, minerals, texture, etc. They do have a scientist who could do the work, for about \$50,000. If we wanted to talk to this person, we could do a Zoom. The idea is if our grower's asparagus meets the specs then it would qualify as a premium product and enable it to command a higher price.

Discussion took place – Would there be a less expensive alternative such as a baseline evaluation before committing to \$50,000. Would our 6–8-week growing season warrant this branded designation? It was asked if anyone markets a “griller pack”? (larger spears for grilling). One Board Member felt the retailers would just want to see the standard asparagus and wouldn't carry a branded e.g., “Bronto spear” for our short growing season when they still want carry asparagus the rest of the year.

Resuming MACMA's discussion on USDA Bonus Buy

As requested earlier by Norm Meyers, a decision/motion is needed on how much we would like to request for the USDA Bonus Buy. It was discussed to make the 2.5 million pounds the minimum purchase and allow MACMA to increase it to 3 million if necessary.

Motion No. 3 Motion by Nick Oomen supported by Jordon Walsworth to follow up on the USDA Bonus Buy for a minimum of 2.5 million with authority for MACMA to increase that to 3 million pounds. **All Ayes, Motion passed.**

CONSIDER MAAB FY 21-22 BUDGET AMENDMENTS

Jamie proposed several changes to the budget, see the yellow sheet showing proposed changes. Briefly, these are:

- Increase Fresh 2020 crop revenue by \$80,250
- Increase in Salaries & related, \$38,166, to cover employee expenses that were left out of the original budget and possibly an intern
- Increase in bank fees, \$200, to pay the RDC (remote deposit capture) fees
- Increase in Admin-misc, \$625
- Increase in Fresh promotion, \$2,500 to support influencer promotion during the 2022 season
- Increase in Grower Relation of \$250 for additional newsletter mailouts

The net effect is to increase revenue by \$80,250 to \$589,575 and to increase expenses by \$41,741 to \$622,675 thus resulting in a budgeted net loss of (\$33,100)

Motion No. 4 Motion by John Williams supported by Bill Schwass to change the budget as presented. **All Ayes, Motion passed.**

OTHER BUSINESS

Dwight Fuehring asked if there was any other business to be taken up at this time.

Joy McDevitt presented the financial statements, see blue handout. Showing YTD Revenue of \$393,506 and YTD expenses of \$222,171, for a total net income of \$171, 336.

Dwight Fuehring announced he would be at the MAAB booth to answer questions and invited any other Board members to help at the booth as well.

It was also announced that John Bakker would be recognized by the Vegetable Council at the "Genius Bar" at the back of the Expo Hall and MAAB will be awarding a plaque.

No additional business was brought up.

Dwight Fuehring adjourned the meeting at 4:35 pm.

Respectfully submitted,

Jamie Clover Adams
Executive Director