

MINUTES
MICHIGAN ASPARAGUS ADVISORY BOARD
July 30, 2019
Johnny O. Harris Building, #105
97 E. Apple Ave
Muskegon, Michigan

MEMBERS PRESENT: Sarah Greiner, Eric Herrygers, Nicholas Oomen, Dwight Fuehring, Tom Oomen, Kyle Weber and John Williams

OTHERS PRESENT: John Bakker – Executive Director, Joy McDevitt – Executive Assistant, Norm Myers- MACMA, Heather Throne, MDARD, Ben Werling-MSUE, Audrey Sebolt -MI Farm Bureau

Chairman, Dwight Fuehring called the meeting to order at 2:15 pm.

MINUTES

The minutes from the last meeting of 03-05-19 were sent to the Board for review prior to the meeting.

Motion Motion by John Williams, supported by Nick Oomen to approve the
No. 1 minutes of the March 5, 2019 meeting as presented. All Ayes, motion passed.

FINANCIAL REPORT

Joy McDevitt reviewed the June 30, 2019 preliminary financial statements reporting income currently at \$532,458.50 and expenses to date of \$509,853.43 resulting in a positive net margin of \$22,605.07 for the unaudited fiscal year ended June 30, 2019. (ATTACHMENT “A”)

Motion Motion by Sarah Greiner, supported by Tom Oomen to accept the
No. 2 June 30, 2019 financial report as reported. All ayes, motion passed.

MDARD REPORT

Heather Throne reported the SCBG reports are in D.C. for review, MDARD should hear back by Oct. 1, 2019. Value Added Grants of \$1.8 million were just announced. Rural development grant deadlines are as follows: announced in September 2019, deadline in November 2019 and awarded in January 2020.

She stated there is a possibility of a State government shutdown, if no budget is set by the end of September.

There is a new name for the DEQ (Department of Environmental Quality); it will now be called EGLE (Environment, Great Lakes and Energy).

MSUE

Ben talked about the small storage project he and John Bakker conducted. They were working with Storage Control Systems in Sparta to hold asparagus over to market later. John Bakker explained he cut and snapped approx. 80 lbs. each, took it to a hydra cooler, then ran it down to Sparta and put 2 lugs each in 3 controlled atmosphere safe pods and 2 lugs in 1 cold storage unit as a "control group". The asparagus was harvested before 11 am from the same field of Millennium and was timed to coincide with the peak yield period. The plan was to open a C.A. pod at the 2 week, 3 week and 4 week interval. Ben would remove a sample of asparagus, trim, band and weigh it and then run it up to Hart where it would be placed in refrigeration. Samples would be removed at 4 and 7 days where John would weigh it and evaluate it. Unfortunately, when the first samples were evaluated some minor pitting was detected. Bakker determined that, despite it being cosmetic only, the blemishes were significant enough to cause a rejection. All samples showed symptoms which appeared similar to purple spot. Mary Hausbeck agreed to evaluate it but could not isolate the Stemphylium fungus. Interestingly the spotting remained in the 3 week and 4 week samples but didn't get much worse.

Conclusions reached were as follows:

- Cut asparagus held up somewhat better than snapped.
- A couple of the CA treatments held up better than just cold storage.
- There was no definitive determination as to what caused the spotting.
- The flavor and texture of asparagus coming out of CA storage 4 weeks after harvest was very good

Although it wasn't the success they had hoped for, it was valuable for learning what doesn't work.

Ben stated that he has three speakers for GL Expo: Dr. Mary Hausbeck on her seed beds and fusarium, Zak Hayden on his ongoing nitrogen work and Dr. Dan Brainard on rye cover crop. Ben is also working on the session topic of what to do to reduce spray drift.

MACMA ASPARAGUS REPORT

Norm Myers reported that in early July the Executive Board of MAAB and MACMA committees met to discuss the processed market. The joint committees agreed that two initiatives warranted further investigation: a USDA purchase and follow up on a potential new customer of frozen cut & tip. Norm visited several producers to confirm that there would be adequate bidders (USDA Section 32 requires a minimum of 2 bidders; 3 or more is preferable). His discussion concluded that there is not enough for the canned and just enough for the frozen. Norm had also followed up with Ron Armstrong on the potential tour to visit buyers. Seneca may discontinue their asparagus pack next year and Ron was hesitant to speak with Seneca. Norm does not think it wise to proceed without Ron.

Norm had previously spoken with Dawn Drake at MACMA (who has experience with USDA purchases). Norm reported she recommended that the asparagus Industry try to get USDA to do a bonus buy and then expand from there. Norm thought a reasonable bonus buy would be 3 million pounds.

Norm reported that the processed asparagus crop was a little less than 7 m. lbs. per the USDA report. Which he pointed out, could have been worse. John Bakker pointed out that this USDA figure is based on processor's weighed lbs. before cull outs. Our assessment is based on **graded** pounds. John thought our processed season was closer to 6.5 – 6.75 million pounds.

Sarah Greiner mentioned that Dawn Drake was reaching out to someone in the State Prison for food purchases and would it be worthwhile to try to get involved? Norm Myers said he would follow up with Dawn Drake.

MFB REPORT

Audrey Sebolt was present to report for MI Farm Bureau; she has been named as the new horticulture specialist at MI Farm Bureau, replacing Kevin Robson. She had previously been employed as a researcher at MSU for the past 20 years, and had grown up in Oceana County on a fruit and asparagus farm.

She commented that Farm Bureau hopes the State is able to pass a budget, but they (Farm Bureau) thinks the hold-up is the roads improvement plans. She reported that Market Facilitation Program (MFP) payments will be starting soon; \$16 billion eligible to Specialty crops, non-Specialty crops and dairy and hogs. She addressed the USMCA (United States, Mexico, Canada Agreement) stating there are three working groups trying to finalize details.

Audrey addressed the H2A modernization rules, which are currently in a "comment period" thru September. The proposed changes would include streamlining the application process, provide employers with staggering the entry of H-2A workers on a single application, and update the method to determine Adverse Effect Wage Rates.

John Bakker addressed trade issue at this point, giving some background that when the USMCA was being negotiated that the seasonal dumping issue was removed in order to obtain Mexico's agreement to sign. This has left more than just asparagus with dumping issues to deal with. Senator Marco Rubio (FL) has spearheaded (in the Senate) HR 101 Defending Domestic Produce Production Act, which has received bipartisan support from Georgia & Florida Representatives. Audrey asked if the Asparagus Board supported this action, which they responded yes and expressed they would like to see it move forward to obtain relief from seasonal dumping.

MAAB FRESH ASPARAGUS REPORT

John Bakker reported that Full Tilt marketing program for this past 2019 crop year focused on consumers - educating them on how to read a band tag to determine a product's origin and what the local asparagus season is and to request local at the stores they shop. We did receive feedback that they do want to purchase MI asparagus.

REPORT OF EXECUTIVE DIRECTOR

Speich Bankruptcy

Still ongoing. Bakker re-capped that this is grower's money and should not even be part of the bankruptcy proceedings. There was a similar case involving the Apple Board, several years ago, which had a favorable outcome after going thru to the Michigan Supreme Court. The money is still being received from that case by the Apple Board.

MARI – Seed Sales

Profit was \$42,433. Had earlier projected it to be approx. \$35,000, so that is good news. Income from the seed sales goes toward the Mich. Asp. Research Committee operating funds.

Weed Scientist:

John Bakker has been involved in the selection for Bernie Zandstra's replacement. Three candidates have been brought in for interviews with one candidate standing out and the other two are questionable. If the top candidate does not accept the job we may try to re-open the search.

Sorting Machine

Long story short -the machine is finally in place. As of Sunday, July 28, he had it sorting some asparagus he had put away for purposes of testing the machine. Terry Ball, our statistician, was there recently working with the company rep on the data collection programming. There were problems with one of the computers on start-up and it has been pulled out and sent in for replacement.

SCRI (Specialty Crop Initiative) Grant

This was the second time submitted and once again it was not funded. It is unlikely that it will be re-submitted a third time.

BOARD APPOINTMENTS

Eric Herrygers and Sarah Greiner's terms expire Nov 2019; they are both in the Northern-Central Michigan Region. Please let John Bakker know if you are willing to serve again, he will try to get another name or two to submit, since the appointment committee likes to have at least 3 names.

EMERGING ISSUES

Huizenga Meeting

John Bakker reported that during asparagus harvest season, a couple of growers took it upon themselves to organize a meeting with U.S. Representative, Bill Huizenga, regarding the Peruvian (and Mexican) imports. There was some confusion as to the extension of an invite to U.S. Senators Debbie Stabenow and Gary Peters, and their respective offices, which was smoothed out. The press was invited and as a result Huizenga's staff requested that the meeting itself be closed to Greiner growers only. This caused a few problems as other interested growers and packers would have liked to attend.

Bakker was asked about an upcoming meeting with a Trade Lawyer that these same growers were organizing. He indicated that he recently learned of the meeting but that he has not been invited.

Processing Asparagus

John Bakker commented that Norm Myers has previously addressed this topic in the MACMA report. Many believe that Seneca will not be canning asparagus in the future; it was noted that the empty boxes were not sent back as they normally would be for the next year. It was also noted that Seneca has dropped their canned spinach, which was 4x larger than canned asparagus. This also affects the ability to request a USDA purchase for canned asparagus, since there wouldn't be 2 processors (the minimum required by the USDA.)

John Bakker also commented that he met with the Walmart Director of Sourcing, Val Ragainis, in June. In the course of the conversation it was mentioned that Walmart does not sell a frozen cut & tip pack. Val indicated that he would be meeting with the head of that division soon and would bring up the topic. Follow-up emails have given no indication if they are serious about packing or purchasing frozen cuts and tips.

John had received a call from a fresh packer about the possibility of processing "fresh length" asparagus when the coolers are full and the market is backed up. The idea is that this "lower grade" product would be sold to the USDA. There followed a discussion about asparagus grades and the possibility of MACMA adding a "utility grade". Discussion continued as to how this could affect pricing and all agreed that this idea would need to be further evaluated at a later time.

USDA Purchase

John brought up the Section 32 purchase; a program designed to take the surplus product off the market in order to stabilize prices. Knowing that all processed asparagus is presold pretty much ensures that there is no "surplus" and with no drop in MACMA rates, prices have been "stable". However, due to loss of market share to imports, we should be able to make a decent case for a USDA purchase.

Trade

H.R. 101 a bill to "amend title VII of the Tariff Act of 1930 to provide for the treatment of core seasonal industries affected by antidumping or countervailing duty investigations, and for other purposes." Is gaining some traction in both the US House and Senate. This bill would greatly enhance the ability of seasonal industries like asparagus to bring antidumping cases. Bakker is working with MI Farm Bureau to shape policy and garner state and national support.

Federal Research and Promotion Order (FRPO)

John Bakker reported that he has had numerous conversations with the Executive Director of the Peruvian Asparagus Importers Association. They are again proposing a Promotion Order that would be overseen by the USDA. If established, this would set up a mandatory "tax" on all asparagus sold in the US. Monies would be used to promote the crop with hopes of increasing consumption. Numerous commodities have used this program with good success. This has been pitched in the past, but not established. A meeting to discuss this has been proposed with representatives from US, Peru, Mexico and Canada attending. Bakker believes that a FRPO will not be possible without our support which puts us in a very strong negotiating position. The hope is that if foreign interests want this bad enough that they may be willing to limit imports

during the US 10 – 12 week season. Without some control on imports there will be no interest inside the US for moving this forward.

The date for the meeting is August 26, 2019 in Dallas. He would like to have a couple of other Board members join him for the meeting. A number of board members expressed interest and indicated that they would follow up with Bakker. A limit of three board members was suggested to avoid having a quorum of the board present.

New Promotion Concept

John asked if anyone was aware of the “Ugly Vegetables” campaign where mis-shapend vegetables that normally would be culled are now selling for a premium. We have had discussions with Full-Tilt Marketing to explore the possibility of doing the same thing with the larger grades of asparagus that are traditionally sold at discounted prices. This is a promotion campaign which for asparagus could include XL and Jumbo spears, which would be especially useful for grilling. It could be a way to change consumer’s perception to market jumbo spears at a premium. It would help if Washington State would be willing to join us in this marketing effort. Other comments – this would help separate us from Mexico/Peru since they do not have jumbos; Superior marketed a pack this last season called “grillers”. John said there was a possibility to have a connection with Weber Grill and our “jumbo” program.

SET MAAB FY PRIORITIES

John asked if there were additional priorities or issues to address in the coming fiscal year. It was the consensus of the board that the items discussed: USDA Purchase, FRPO – with the goal of limiting seasonal imports, HR 101 support, and fresh promotion were top priorities. There had been money put aside to meet with Produce buyers in the FY 6/30/19 budget; John had talked to Ron Armstrong, the first choice to organize this and there was no interest. John would like to continue to work on the idea of calling on the customer and not to drop it.

FY 2019-20 BUDGET

John Bakker had put together a Proposed budget as a starting point for discussion. The proposed assessments are based on fresh pounds of 14.9 million pounds and 6.75 million processed pounds totaling 21.675 million pounds, 2018 crop was 21.72 million pounds. Other budget items discussed: \$10,000 was left in for the processed promotion (meeting with buying agent) \$1,500 for the National Asparagus Council was left in, though it is likely to be disbanded (since California is no longer involved, leaving just Washington state and Michigan). This \$1,500 plus the \$3,000 travel budget could/would be used for the upcoming Dallas trip discussed in the Federal Promotion Order. There is \$10,000 budgeted for new equipment for the Research farm – we will need a bar code printer, as well as new containers (since we’ve been using ice cream buckets). This leaves a proposed budget with a \$1,102 net loss.

Motion No. 3 Motion by Nick Oomen, supported by Kyle Weber to approve revenue & expenses and any underage will come out of the fund balance.
All Ayes, motion passed.

OTHER BUSINESS

Dwight Fuehring asked if there was any other business to be taken up at this time, nothing was proposed.

Motion Hearing none, a motion was made by Sarah Greiner, supported by Tom Oomen
No. 4 to adjourn the meeting. All Ayes, meeting adjourned at 4:28 pm.

Respectfully submitted,

John H. Bakker
Executive Director