

**POTATOES USA
ADMINISTRATIVE COMMITTEE MEETING MINUTES
August 9, 2023
Hyatt Regency Milwaukee
Milwaukee, WI**

Welcome

Chairperson Jason Davenport officially called the meeting to order at 9:38 AM CT. Mike welcomed everyone to Denver and thanked them for attending the meeting.

Antitrust Statement

The Antitrust Statement was displayed for all attendees. A copy of this was also provided for attendees on BoardEffect.

Roll Call and Introductions

Roll call was conducted, and Administrative Committee members present included Les Alderete, Trever Belnap, Jess Blatchford, Norbert Bomm, Mike Carter, Ryan Christensen, Jason Davenport, Wendy Dykstra, Jennifer Gogan, Taylor Grant, Dan Gundersen, Leah Halverson, Kory Hansen, Jeff Irving, Jeff Jennings, Jace Jensen, Braden Lake, Mike Larsen, Bevan Lenz, Kyle Michael, Ryan Moss, Shelley Olsen, Kevin Schleicher, Eric Searle, Alison Sklarczyk, Ed Staunton, Colin Szawlowski, Jeff VanOrden, Marvin Wollman, Dennis Wright and Ben Zechmann.

Guests present included Deanna Bakken with USDA/AMS, Travis Blacker and Darren Bitter with the Idaho Potato Commission, Kelly Turner with Michigan Potato Industry Commission, Mark Klompien with UPGA, Chris Voigt from Washington State Potato Commission, Shawn Boyle with Idaho Grower Shipper Association, Kam Quarles from National Potato Council, Tamas Houlihan and Joe Kertzman with Wisconsin Potato and Vegetable Growers Association, Donavon Johnson with Northland Potato Growers Association, Jim Ehrlich with Colorado Potato Administrative Committee, and Bruce Blakeman with Heart and Mind Strategies.

Alex Caryl and William Hodges from AMS were present via Zoom, along with Lorri Greenhoe from the Michigan Potato Industry Commission, and Brandy Tucker from the Washington State Potato Commission.

Also present were Potatoes USA staff members Blair Richardson, Kim Breshears, Chelsea Gray, RJ Harvey, Monica Heath, Tiffany Kocir, John Lundeen, Mary Kate McCandlish, Caitlin Roberts, Bonnie Johnson, Marisa Stein, Alyssa Green, Dinah Tobey, and Kayla Vogel. Staff members present via Zoom included Jennifer Miller, Robert King, Pamela Lee, and Nicole Field.

Shelley Olsen thanked the 2023-2024 board meeting sponsors: One Four Group, Rabo Agrifinance, FoodMinds, Sklarczyk Seed Farm, NXNW, Wisconsin Potato and Vegetable Growers Association, Teton West, LambWeston, Vectrabank Colorado, Webolutions, SRG, and Tasteful Selections.

Call for Proxies

Mike Carter called for any proxies for the 2023 Winter Meeting. There was one proxy submitted to USDA.

Approval of Minutes

Chairperson Mike Carter requested the approval of the minutes from the Annual Meeting on March 14-15th, 2023. The minutes were shared with the Administrative Committee via BoardEffect.

A **MOTION** was made by Mike Larsen and seconded by Taylor Grant to approve the meeting minutes.

Working Committee Reports

Executive Committee Report

Bruce Blakeman from Heart and Mind Strategies joined the meeting via Zoom to share a proposal for strategic planning.

A **MOTION** was made by Shelley Olsen and seconded by Jeff Jennings to approve \$45,000 in spend to hire Heart and Mind Strategies for strategic planning.

Domestic Marketing Committee Report

Leah Halverson and Les Alderete, co-chairs of the Domestic Marketing Committee, shared a report from the Domestic Marketing Committee meeting the day before.

Potatoes continue to be America's Favorite vegetable and are appreciated for many attributes, including that they can be eaten in a number of ways, are filling, versatile, and satisfying. Consumers' #1 reason for not eating more potatoes is because they say that they already eat enough of them. Some people also believe they are high in carbs and fattening.

The good news, however, is that the annual consumer attitudes and usage study shows that perceptions of potatoes continue to improve. All these beliefs have significantly improved the past few years: Potatoes provide nutrients, help me fuel my everyday activities, provide sustained energy, good for athletic performance, are good for weight management, are used and approved by athletes, are an energy-packed vegetable, provide under-consumed vitamins and minerals, good for recovery and contain protein. The bottom line is that Americans love potatoes. They remain America's favorite vegetable, side dish, and number one vegetable sold at retail.

U.S. food spending is shifting, and as of May 2023, more money is spent on food eaten away from home instead of at home. Retail sales data for FY23 showed that volume sales decreased 2.6% last fiscal year but remained 3.1% higher than before the pandemic. Fresh volume sales remain steady with pre-pandemic levels.

Media coverage for potatoes keeps growing more positive. There are more mentions of potatoes in social media than in traditional media. Articles about popularity and taste dominate the coverage in traditional and social media.

During Tuesday's Domestic Marketing Committee report, the team provided updates on lessons learned and how they will apply those findings to this year's marketing programs.

The nutrition program is focused on ensuring potatoes are categorized as a vegetable in the U.S. and on global nutrition guidance systems. In the past two years, Potatoes USA has issued 56 letters correcting misinformation about potatoes and achieved a 33% correction rate.

Bonnie recently attended the American Society for Nutrition conference with APRE to connect with emerging scientists. Potatoes were well positioned as a thought leader and vegetable throughout the event.

The team is focused on protecting potatoes' place on the plate by being a MyPlate strategic partner and ensuring the latest scientific research is available to the panel working on Dietary Guidelines for Americans 2025.

Food as Medicine is a prominent theme in nutrition education today, and Potatoes USA ensures potatoes are part of the conversation. Potatoes USA is working with campus dietitians at Purdue and the University of Texas to promote healthy preparations of potatoes and offer potato nutrition education.

The food service team focuses on getting more potatoes on menus and actively seeks to create and maintain meaningful relationships with foodservice operators to generate innovation sessions. To date, the team has a verbal commitment from 8 operators for innovation sessions. Potatoes USA has a 50% success rate of new menu launches after an innovation session.

At retail, the team is focused on outreach, research, and media. Outreach is focused on lower-performing retailers to educate them about merchandising best practices. New this year is a focus on retail digital marketers. A digital advisory board will be established to understand the marketers' needs and to create impactful tools. A path-to-purchase study is currently in process. Once complete, the findings will be shared broadly via retail media publications.

This year's consumer program focuses on Gen Z, 18–24-year-olds. The goal is to make a positive impression on this younger audience as they establish their attitudes and food preferences. The marketing program will use a combination of content creators, partnerships, and videos to convey key messages about potato nutrition and preparation. TikTok is the dominant media platform for this audience and will be used extensively since these consumers prefer to watch vs. read.

Potatoes USA will partner with Strava two times this year to continue to engage athletes and convey the positive nutritional benefits of potatoes. On campuses, Potatoes USA is launching an ambassador program and will recruit students to be potato advocates. Brand ambassadors are very common and popular on campuses, and the team is excited to have potato ambassadors there as well.

Consumer research showed that Gen Z sentiment favors potatoes, and Gen Z views potatoes as convenient. They do not understand the nutritional profile or that they are a vegetable. Air fryers are a common cooking appliance with this generation, and they appreciate flavor.

International Marketing Committee Report

Shelley Olsen and Mike Larsen, co-chairs of the International Marketing Committee, shared a report from the International Marketing Committee meeting the day before.

The international marketing program is focused on strengthening demand for U.S. potato exports. 20% of the U.S. potato crop is exported. Exports of U.S. products have increased 49% in volume compared to FY 2000 and 148% in value. Complete fiscal year data is not yet available, but 11 months of export data indicates exports are up 4%. This increase is driven by dehy, which increased 30% in the past 11 months.

Potatoes USA does not have an active program in Burma. This resulted from an ROI analysis during strategic planning last year that showed Burma was dramatically underperforming other target market export programs. Exports to Burma YTD decreased by 57% compared to the previous year.

Potatoes USA has paused all marketing programs in Thailand until a market assessment is completed this quarter. Once complete, the team will review the results and discuss next steps with the committee.

For the first time in history, China is a net exporter of potatoes. Due to the decreases in exports in recent years and their shifting production, an assessment of the market will occur during this fiscal year to understand the changing market dynamics and those impacts on U.S. exports to the country and region. In addition, there are burdensome requirements for Chinese Chipping Potato Processors. As a result, the U.S. industry has yet to ship chipping potatoes to China despite the market opening in February 2020.

The Gulf Cooperation Council is a new target export market for Potatoes USA. The market has disposable income and values high-quality products, so the team is focused on educating chefs in the region and expanding supply sources. The marketing team will meet with the committee in a few weeks to discuss ways to expand U.S. grower knowledge and interest in the region.

The U.S. government is negotiating with South Korea to expand fresh potato market access for 11 additional states.

The market in Japan is a substantial market for U.S. potatoes. It continues to innovate ways to promote U.S. potatoes, including an extraordinarily successful U.S. baseball fries cross-promotion with food service and retail. The top market access priority is gaining fresh table stock access to the country.

The U.S. acquired expanded fresh potato market access to the interior of Mexico in May 2022. Since then, fresh potato exports have increased by 17%. The biggest pest challenge has been the findings of Potato Mop Top Virus. The U.S. industry and USDA continue to work with Mexican officials to permit potatoes to be shipped in 50 lb. bags vs. the current 20 lb. bag requirement.

Industry Outreach Committee Report

Ed Staunton and Dennis Wright, co-chairs of the Industry Outreach Committee, shared a report from the Industry Outreach Committee meeting the day before.

Board Nominations and moving along. USDA is hopeful they will be approved quicker this year with the additional outreach efforts

Official rulemaking for the U.S. Potato Board restructure is anticipated to be official sometime next year. By 2026, it will be at the proposed new board size. Over the next couple of years Potatoes USA will work to align committees with the strategic pillars. Potatoes USA will also work closely with the state organizations to ensure a smooth transition.

The team is looking forward to another great potato Expo in Austin in 2024. Do not forget to give Chelsea and Caitlin ideas for a giveaway item!

The Potatoes USA team has a docket full of events to attend this fiscal year. They will participate in all the state and regional winter meetings. The Executive Committee will visit growers and tour farms from

New York to Pennsylvania in the fall. The marketing team will visit growers in Idaho for a week and host an interactive Spud Session in early November.

Potatoes USA will also continue to engage with all national and regional potato industry leaders to tackle issues beneficial to the industry. Potatoes USA will continue to engage with global potato industry members to change the nutrition conversation about potatoes.

The Spud Lab has hosted many successful events and has been instrumental in advancing potatoes' culinary knowledge and creativity. One of the most exciting new things planned for the Spud Lab is that it will be the first licensed location outside a hospital to instruct medical students and doctors.

Bonnie Johnson, RJ Harvey, and Aurora Hollenbeck are all becoming certified Culinary Medicine trainers. This is a huge opportunity to put potatoes at the center of the food-as-medicine movement.

The most read articles in FY23 include research, sales updates, and information about the Potatoes USA Board of Directors. This year's communications program will continue to feature these stories and find ways to tailor the messages to align with grower interests. Emails, articles, PR, webinars, and columns will continue this year.

New to this year's communications plan is recruiting younger growers to be potato ambassadors. This program will work in conjunction with the consumer ambassador program, but we are excited to get young growers involved in promoting potatoes to their network for friends.

Potatoes USA will distribute a grower survey in early November. Before that, they will work with the committee on the survey questions and would like Board members to share the survey with their networks for greater participation. Dennis and Ed suggested the board members in the room help to share the grower survey with those in their networks to increase participation.

Research Committee Report

Jennifer Gogan, co-chair of the Research Committee, shared a report from the previous Research Committee meeting.

A **MOTION** was made by Jennifer Gogan and seconded by Trever Belnap to approve the \$100,000 FY24 special project amendment for Soil Health Project continuity funding.

Finance and Policy

A **MOTION** was made by Jeff Jennings and seconded by Jess Blatchford to approve budget amendment #1.

Updates to the contracting Policies and Procedures were shared. The updates clarified the contract threshold is \$25,000 but can have a contract for less. AMS can audit all contracts. Multi-year contracts will be sent to AMS annually. Subcontractors must adhere to the same requirements as the primary contractor, and contracts can also be audited by AMS.

A **MOTION** was made by Jeff Jennings and seconded by Jess Blatchford to approve the *Contracting Policies and Procedures*.

A **MOTION** was made by Jeff Jennings and seconded by Jess Blatchford to approve the updated *Potatoes USA Employee Handbook*.

A **MOTION** was made by Jeff Jennings and seconded by Jess Blatchford to approve the *Finance Policies* as presented on August 8, 2023. Current policies are from 2014. The new policies include audits, budgets, contracts, and financial statements.

A **MOTION** was made by Jeff Jennings and seconded by Jess Blatchford to approve the *Industrial and Commercial Bank of China (ICBC) Policies and Procedures*.

A **MOTION** was made by Jeff Jennings and seconded by Jess Blatchford to approve the immediate use of the account with the Industrial and Commercial Bank of China to pay vendors and use the account before ICBC Policies and Procedures are approved by AMS.

Administrative Report

Chelsea Gray reported upcoming projects at the office, including a cell phone signal booster, an air conditioning unit in the 2nd floor conference room, and the roof being replaced due to hail damage. Chelsea also shared an update on the Potatoes USA 2022 office 'crop'.

USDA Update

Deanna Bakken from USDA AMS shared that the formal rulemaking process is moving along.

CEO Update

Blair Richardson invited Kayla Vogel on stage to give an update on Team Potato. Kayla gave an overview of the history of Team Potato, sharing the evolution of Team Potato through the years. In 2019, Potatoes USA sponsored Rock and Roll marathons nationwide, a terrific way to engage with athletes and encourage them to join Team Potato. In 2020, Team Potato was set up well to shift to virtual events and engage with the virtual community. The team hosted cook-alongs and other virtual events with Team Potato members. In 2021, Potatoes USA was able to shift back to some in-person engagement and returned to sponsoring Rock n' Roll marathons. In 2022, which showed many members were using a fitness activity tracking app called Strava In 2023, Potatoes USA began creating a presence on Strava and hosted the Potato Power-Up fitness challenge where almost 100,000 people participated in the event. Team Potato went from 700 to over 4,000 members after this event alone. The team is looking forward to continuing to grow Team Potato community on Strava.

Blair Richardson introduced Curtis Cummings from KungFu.AI. Curtis presented a proposal to use generative artificial intelligence to increase positive potato digital sentiment over time. The AI would use APRE research and other studies to respond to comments on social media with data to encourage positive sentiment surrounding potatoes. The investment from Potatoes USA would be \$475,000, and Potatoes USA would own the intellectual property rights of the AI system. The solution includes a human in the loop to ensure alignment with Potatoes USA's goals.

Next, Blair hosted a discussion regarding the proposal from KungFu.AI. Payment structure, return on investment, and the next steps were discussed. The proposed \$475,000 in funding would come from Potatoes USA unrestricted reserves.

A **MOTION** was made by Jeff Jennings and seconded by Shelley Olsen to approve \$475,000 for Kungfu.ai to develop a potato-positive generative artificial intelligence model.

Closing Comments

Mike Carter thanked everyone for taking the time to travel to Milwaukee, WI.

The Potatoes USA 2024 Winter Meeting will be held January 8-9, 2024, in Austin and the 2024 Annual Meeting will be held March 11-13, 2024, in Denver.

Closed Session

Chairperson Mike Carter asked the committee if there was a need for a closed session. It was determined that there was no need for a closed session.

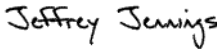
Other Business

There was no other business to report.

Adjourn

Chairperson Mike Carter adjourned the meeting at 12:10 PM CT.

Approved by:

DocuSigned by:

464CC7293D3F435

Secretary/Treasurer

1/29/2024

Date