

**CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
May 20, 2010**

A meeting of the California Avocado Commission (CAC) Board was held on Thursday, May 20, 2010 in the Hass Avocado Board (HAB) boardroom in Irvine, California, with the following people present:

MEMBERS PRESENT

Scott Bauwens
Gene Carbone
Reuben Hofshi
Ben Holtz
Ohannes Karaoghlanian
Bob Lucy
Tom Markle
Bradley Miles
Doug O'Hara
Tom Pecht
Andria Pontello
Public Member
Don Reeder
Steve Taft
Charley Wolk
Gary Woodworth

MEMBERS ABSENT

Jim Donovan, *ex-officio HAB*

CAC STAFF PRESENT

April Aymami
Tom Bellamore
Zachary Benedict
Dave Cruz
Jan DeLyser
Jonathan Dixon
Angela Fraser
Angie Hanson
Dave Howald
Stacia Kierulff
Aria Lukman

ALTERNATES PRESENT

Ron Araiza
Ernie Arana
Andy Bailard
Todd Elder
John Lamb
Ed McFadden
Bob Schaar
Rick Shade
Donna Singmaster
Nick Stehly, Jr.
Shane Tucker
San Vaccaro
Bob Witt

ALTERNATES ABSENT

Laura Eggering

GUESTS PRESENT

George Barnes
Betty Bohrk
Wayne Brydon
Will Carleton
Gahl Crane
Veronica Espinoza
Austin Gavin
Carmen Karaoghlanian
James McCormac
Robert Rumph
Alva Snider

OFFICIALLY PRESENT

Dennis Manderfield, CDFA
Jose Luis Obregón, HAB
Darrell Nelson, PRC Chair
(morning)
Gwen Peterson, Data Designers
Marlene Betts, USDA/AMS
(via conference call)

ITEM #1 CALL TO ORDER

Roll Call/Establish Quorum- Item 1.A.

Don Reeder, CAC Chairman, called the meeting to order at 9:20 a.m. with a quorum present.

Introductions – Item 1.B.

There were no special introductions.

ITEM #2 CONSENT CALENDAR

Consider Approval of Board of Directors' Meeting Minutes – Item 2.A.

Action Item

Chairman Reeder asked for questions or comments regarding the March 18, 2010 Minutes. Commissioner Wolk offered one correction: *Item 7.A., page 13, HAB Nutrition Program Report: Replace Ben Drake's name with Dan Sanders.*

MOTION:

The CAC Board of Directors approves the Consent Calendar, Item 2.A., Board of Directors' Meeting Minutes of March 18, 2010 as corrected. (Carbone/Miles) MSC Unanimous

ITEM #3 TREASURER'S REPORT

Finance Committee Report – Item 3.A.

Information Item Only

CAC Board Treasurer and Finance Committee Chairman, Ben Holtz, reported the Finance Committee had met today and focused on preparing a draft of the internal control policy and procedures which will be brought to the Board for consideration in June. The committee is also reviewing CAC's Certified Professional Accountant (CPA) services along with a preliminary study of the corporate insurance services. The bulk of the meeting was centered on the revenue stream and the crop.

2009-10 Financial and Crop Update – Item 3.B.

Information Item Only

The Financial Report, in its entirety, is included in the May 2010 Board packet, Item B.1-10. Mr. Holtz noted that the established line of credit has not yet been utilized.

Crop Update

Mr. Bellamore reported 47% of those receiving the April grower surveys responded; the crop appears to be divided almost 60% North and 40% South for an on-tree estimate of 490 million pounds that includes 464 million pounds of Hass. That is more than the original estimate of 470 million pounds, so it appears there would be a carry-out of about 20 million pounds. (Lamb Hass may account for a large part of that carry-out due to the late harvest of that variety in the North.) There was also discussion about Lamb Hass size keeping the demand and price strong when marketed in November and December 2010.

The Finance Committee had reviewed the crop data earlier today and felt the carry-out would not change the *fiscal* 2009-10 financials based on the 470 million pound estimate; however, the committee and CAC staff will closely monitor the metrics. It was noted that even if the fruit were smaller in size, there would be more pieces of fruit to make the estimated pounds and dollars.

- Several dynamics affecting this year's crop, in addition to small fruit sizing, were voiced: Conflicting evidence makes it difficult to get a clear view of the *true* crop size;
- Processing increased numbers of fruit through packinghouses in July and August would be a strain on their infrastructure and could push that fruit into September;
- Fruit is already dropping in the South, so some trees are being stripped. A heat spell could cause a considerable drop of fruit;
- Small-size fruit in the South may not size further; and
- Less fruit could be imported from Mexico in the next six to eight weeks due to its reportedly lighter crop and a good domestic market. Thus, California has an *immediate* opportunity to pick fruit from the trees in the South.

Ms. Gwen Peterson, Data Designers, explained the crop estimate information was taken directly from the growers' survey and no assumptions were made. Only statistical additions were made for the projected distribution by week. If the crop estimate is based on 490 million pounds, about 52 million pounds would have to be made up in the last 24 weeks of the current shipping season ending October 31, or there would be carry-out to next season.

The conclusion was that the message must get out *immediately* to the South to pick *now*; small fruit probably will probably not size further and a heat spell could drop the fruit.

ITEM #4 CHAIRMAN'S REPORT

Report on April 19, 2010 Meeting of HAB Associations - Item 4.A. Information Item Only

CAC Chairman Reeder, Vice Chairman Karaoghlanian and CAC President Bellamore attended a meeting in Oxnard that was attended by representatives of all countries supplying avocados to the U.S. During a discussion of certain aspects of the Hass Avocado Promotion Act viewed unfavorably by Chilean and Mexican interests, a reorganization of the HAB Board was proposed. The CAC officials present made it very clear, from the perspective of the California avocado industry, that the statute continues to function as intended. Mr. Bellamore noted there was interest in cooperative marketing and sharing of information, as well as avoiding duplication of efforts and achieving cost efficiencies when implementing programs.

Mr. Wolk noted that the California avocado industry's Political Action Committee (PAC) should be reactivated but it must be formed outside of the CAC in order to fund political lobbying. Board members and growers should also be encouraged to connect on a

regular basis with their government representatives to keep the lines of communication open.

Following the meeting, the Chilean Avocado Import Association (CAIA) and Mexican Hass Avocado Importers Association (MHAIA) voiced their concerns in a letter to the USDA in conjunction with a Regulatory Flexibility Act review that is underway. CAC will continue to monitor any activity aimed at changing HAB's enabling legislation.

A copy of the letter is included in the Board Packet as Item 4.A.1

Report on April 9, 2010 Avocado Industry GAP Meeting – Item 4.B.
Information Item Only

Chairman Reeder's newly appointed Good Agricultural Practices (GAP) Committee consists of Chair Reuben Hofshi and Members Don Reeder and Ohannes Karaoghlanian. Chair Hofshi reported he had organized a discussion forum, held on April 9 at CAC, to broadly frame the GAP issue for committee consideration. The group concluded that CAC should play a continuing role in assisting the California avocado industry to become GAP compliant. This could take the form of a unified, generic certification manual (GAP) in collaboration with independent third-party certifiers, which could then be used as the basis for educational workshops across the growing regions.

Mr. Hofshi also noted suggestions: 1) The Avocado Inspection Program (AIP) could take the certifying agency role, if it is legal, since the AIP already has offices and personnel in place; 2) CAC become certified as the certifier for the industry to minimize costs. Then CAC could contract with the AIP or the State to hire the grower certifiers to save money and avoid duplication of efforts.

Mr. Bellamore noted that the GAP meeting had been productive and much of the discussion centered on details that transcended the size of the operational staff and costs. The primary meeting emphasis was to: 1) Prepare a single manual that Primus or Davis Fresh could certify against; otherwise the avocado industry might have to conform to government standards; 2) Go out to the field with workshops and talk to growers about the manual and the process; and 3) Come back to the Board at subsequent meetings with next-step plans on how to implement.

He questioned if there would be a role for CAC as a third-party certifier or CAC as a negotiator to get the best price once growers are ready to certify their groves. If CAC were the certifier, would CAC be viewed as far enough removed from the certifying process? It may be better to have CAC contract with the certifier.

If AIP were the enforcement agency, certifying could be charged the same as AIP charges for avocado inspection and AIP would collect and cover the costs of certification. However, there would be a need for more AIP inspectors to cover all 6,000 growers and that would raise administration costs. It was suggested that certifying costs be passed on to retail instead of being borne by packers and growers.

In conclusion, following Board discussion, Mr. Bellamore said he would begin with the manual preparation and then discuss further steps at future meetings. In March the Board began discussions on possible roles for CAC in the GAP certification process. Thus a GAP line item had not been called out in the original 2009-10 budget. Estimated costs are expected to be in the \$10,000 to \$20,000 range. CAC management recommends utilizing a portion of the funds in budget accounts 64202 (Technical Support-Phyto-sanitary Issues) for development of a generic GAP manual. If the Board wishes to move forward with grower workshops, management will direct funds from budget account 64104 (Educational Outreach Materials) toward that purpose. The Board concurred with this action.

Report on CAC's 2010 Annual Meetings – Item 4.C.
Information Item Only

Chairman Reeder said numerous positive comments were received during the four annual meetings held in April; the preliminary thinking was to continue the same forum next year. Meeting attendance was very good and the larger acreages were well represented.

Mr. Bellamore commended staff and stated that growers supported the new meeting structure along with the new initiatives in outreach, communication and production research, which included grove visits around each annual meeting. He noted that staff morale is greatly improved and the CAC team is solid and moving forward with the business of the organization.

A round of thanks was given to the CAC staff for their excellent and diligent work under difficult circumstances this past year.

Chairman Reeder further announced that at the direction of the Executive Committee, in an effort to reduce costs, all agencies have been requested to attend Board meetings at their own expense. However, the agencies will be brought to Board at CAC expense when a presentation is requested.

ITEM #5 PRESIDENT'S REPORT

Consider Approval of Proposed Modification to CAC Election Procedures -
Item 5.A.

Action Item

In March, the Board voted to modify CAC's Election Procedures to prohibit a resigning member from standing as a candidate for an alternate mid-term vacancy. The Board directed staff to draft language amending the procedures and bring the proposed change for Board review at the May meeting. Staff recommended adding a new Paragraph (e) to Section 4, Qualifications for Nomination as Commission Member and Alternate, (2) Limitations of Eligibility.

The proposed Motion was offered:

MOTION:

The California Avocado Commission approves the addition of the following new Paragraph (e) to Section 4, Qualifications for Nomination as Commission Member and Alternate, (2) Limitations of Eligibility: "A member or alternate who resigns from the Commission may only be re-seated by a vote of their constituents in a regular election. For the purposes of Section 8.B of these Procedures, such individuals shall not be considered 'qualified persons'." (Woodworth/Karaoghlanian) MS Discussion

Discussion ensued regarding implications of the phrase "in a regular election." It was agreed by the Board and CDFA representative Manderfield (who noted that the CDFA must concur with the final language) that the wording should be changed to read, "in the next regular election."

The following amended Motion was offered for discussion and approval:

MOTION 10-17-5.A:

The California Avocado Commission Board of Directors approves the addition of the following new Paragraph (e) to Section 4, Qualifications for Nomination as Commission Member and Alternate, (2) Limitations of Eligibility: "A member or alternate who resigns from the Commission may only be re-seated by a vote of their constituents in the next regular election. For the purposes of Section 8.B of these Procedures, such individuals shall not be considered 'qualified' persons'." (Pecht/Taft) MSC Unanimous

Mr. Bellamore said he will revisit the language and improve upon it further if needed to achieve the Board's intent.

Comments on FDA Preventative Controls for Fresh Produce – Item 5.B.1-2 Information Item Only

In March, the Board was advised that the U.S. Department of Health and Human Services, Food and Drug Administration (FDA) had issued a Notice requesting comments on Preventative Controls for Fresh Produce. Mr. Hofshi alluded to this in his GAP meeting where the group had recommended that CAC submit avocado-specific comments in response to the Food and Drug Administration's Notice. Mr. Bellamore stated that CAC management had prepared general comments that are responsive to FDA's request, after consultation with citrus industry representatives, to ensure consistency where possible with other tree fruit products. The comment period for this pre-rulemaking action closes on May 24, 2010. A copy of CAC's comments is included in the Board Packet, Item 5.B-2

Consider Approval of GAP Workplan and Budget – Item 5.C.

Action Item

This item was previously handled under Item 4.B, Gap Meeting.

Status of Central Coast Regional Water Quality Control Board Conditional Ag Waiver – Item 5.D.

Information Item Only

At the recent CAC annual meeting in San Luis Obispo, several comments were voiced about the Central Coast Regional Water Quality Control Board coming down hard on growers when it comes to regulating agriculture run-off and discharge.

CAC has been in contact with an agricultural coalition made up of seven county farm bureaus and the California State Farm Bureau involved in trying to reguide the water board back to some reasonable path in regulating run-off and discharge. San Diego County is just now forming discharge monitoring groups. The Central Coast growers have been involved during the past five years. They have been operating under a conditional ag waiver that allows them to have cooperative monitoring groups. That waiver was in place and working well but the Coastal Water Board staff went overboard recently in placement of the new waiver and it is much more onerous on the grower.

Mr. Shade noted that Region 3 covers Monterey, San Luis Obispo, Santa Barbara and a portion of Ventura County (Salinas down to Carpinteria).

CAC went up the week following the annual meetings and testified at the all-day Central Coast Water Board meeting, at which more than 400 people attended. Communications about the situation are being sent by Ms. Hanson, IAF/Communications Manager.

2010-11 Planning – Item 5.E.

Information Item Only

Mr. Bellamore addressed planning for the 2010-11 season, noting that many of the ideas that came from the annual meetings will be taken forward into the planning process. On May 21, the Marketing Advisory Committee will meet to bring forward its ideas, and on June 3, all of the agencies will meet to look at the competitive advantages of the *California* brand and the business plan for 2010-11. He will be working on the strategic side of the three-to-five year plan to build upon last year's efforts and will be bringing recommendations to the June Board.

ITEM #6 PRODUCTION RESEARCH REPORT

PRC Meeting Information

Dr. Jonathan Dixon, Research Program Director, reported on the April 15 Production Research Committee (PRC) meeting at which he had outlined his personal review of the Production Research process and system. He reiterated for the Board his proposed changes in: 1) Research and Development (R&D) strategy and goals; 2) a balanced research proposal process; and 3) outreach through forums conducted with growers and/or various industry-related groups, to facilitate rapid dissemination and discussion

of research results. Based on Dr. Dixon's suggestion to condense the PRC, attendees at the PRC meeting voted 9-2 in favor of reducing the committee's size from 34 to 7 members, with a ceiling of 11.

Consider Approval of Committee Appointments – Item 6.A.

Action Item

Chairman Reeder began the process by stating there is tremendous talent in the avocado industry to whom we should provide a chance to serve on the PRC. There are 11 member positions to currently fill on this committee, but no one is excluded from the PRC meetings.

The following Motion was proposed:

MOTION:

The California Avocado Board of Directors approves the appointment of the following persons to serve in the positions indicated, on the Production Research Committee: Darrell Nelson, Chair; and Members Jim Davis, Derek Noble, Joe Barcinas, John Lindstrom, Ed McFadden, Tom Roberts, Larry Rose, Gary Nichols, Will Carleton, and Kim Wilenius.

(Pecht/O'Hara) MS

Discussion followed regarding the attributes of committee members and the addition of Reuben Hofshi to the committee.

A Roll Call Vote was taken with the following results:

For: Pecht, Miles, O'Hara, Carbone

Against: Markle, Taft, Wolk, Holtz, Woodworth, Karaoghlanian, Lucy, Bauwens, Hofshi, and Public Member Pontello

The Motion was defeated by a vote of 4 in favor, 10 against

Chairman Reeder, noting the defeated Motion, said the PRC would meet again to resolve this issue of committee membership.

Commissioner Taft moved that Reuben Hofshi be added to the PRC, but the motion died for lack of a second.

Mr. Bellamore recommended that the Board and PRC Chairs confer to determine if, following the lunch break, there could be an acceptable solution to move the PRC forward.

ADJOURN FOR LUNCH

The Chairman adjourned the Board for lunch at 11:45 a.m. and reconvened the CAC Board meeting in the HAB offices at 12:45 p.m.

Commissioner Karaoghlanian was thanked for his personal gift of logo coffee mugs he presented to the Board prior to lunch.

Ms. Marlene Betts, USDA/AMS, joined the afternoon session by conference call from her Washington, D.C. office.

PRODUCTION RESEARCH (continued)

Consider Approval of Committee Appointments Item 6.A. (continued)

Action Item

CAC Chair Reeder announced that he had accepted Darrell Nelson's resignation as PRC Chair following discussion during the lunch break, and that he had appointed Bradley Miles as the new Chair. He also appointed Reuben Hofshi to serve on the committee, which now numbers 12.

The following Motion was then offered:

MOTION 10 18-6.A:

The CAC Board of Directors approves the amended slate of Production Research Members as appointed by CAC Board Chairman Reeder: Bradley Miles, Chair; and Members Reuben Hofshi, Jim Davis, Derek Knobel, Joe Barcinas, John Lindstrom, Ed McFadden, Tom Roberts, Larry Rose, Gary Nichols, Will Carleton, and Kim Wilenius. (Markle/Lucy) MSC Unanimous with one opposed (Doug O'Hara) as corrected in June 2010 Minutes

Issue Brief: Salinity Tolerant Rootstocks – Item 6.B.

Information Item Only

Mr. Bellamore noted the Board had talked at the March meeting about this issue and requested additional information. Dr. Dixon prepared a topline summary that outlined the need for new technical solutions that allow avocado trees to tolerate greater salinity in irrigation water and soils while having the potential to improve yields. One solution offered was the use of salt tolerant rootstocks.

Mr. Hofshi elaborated on the issue of salt tolerant rootstocks and explained the 30 years of Israeli research with Ben Ya'cov that have produced viable salt tolerant rootstocks that are producing about 15,000 pounds per acre and which could be made available for trials in California. This would be in addition to the 22 original Israeli rootstocks planted in 2000 that Dr. Douhan, UC Riverside, has been working on at South Coast Ag Research Station in Irvine. Several of these rootstocks have shown superiority in handling salinity.

Possible action steps outlined in Dr. Dixon's "Issue Brief: Salinity Tolerant Rootstocks" were to: 1) Undertake a survey of all possible trials utilizing salt tolerant rootstocks to make a preliminary assessment of those that appear to show potential for success in California; 2) explore opportunities for obtaining commercial quantities of salt tolerant rootstocks, including possible negotiation of licensing agreements; 3) collaborate with growers, nurseries and others to conduct evaluation of certain rootstocks in San Diego County; and 4) do scientific trials on the salt tolerant characteristics of different rootstocks with further basic research on the nature of how salinity affects avocado production.

Chairman Reeder closed the discussion by emphasizing that salt tolerant rootstocks are a critical and long-term issue but that we still need to do short-term research. He asked Dr. Dixon and PRC Chair Miles to continue to explore means of addressing the salinity issue.

A topline summary of the Salinity Tolerant Rootstocks Issue Brief is included, in its entirety, in today's Board Packet, Item 6.B.2-5, which is attached to the permanent copy of these Minutes in EXHIBIT A.

ITEM #7 MARKETING REPORT

Marketing Program Highlights – Item 7.A.

Information Item Only

CAC Vice President of Marketing Jan DeLyser presented an overview of the Cinco de Mayo promotional activities. Mary Sue Milliken and Susan Feniger, together known as the *Too Hot Tamales*, served as the media spokespersons for CAC's Cinco de Mayo program. A record-breaking 74.4 million pounds of California and Mexican were moved through the system during this 18-day shipping period.

CAC also participated as a sponsor of the Disney Food and Wine Festival. A huge storyboard proclaiming "*The World's Most Popular Avocado is a California Native*" was displayed in the California Adventure area of the park from mid-April to the end of May with eight culinary demonstrations by Disney chefs and CAC's chef, Jeff Rossman from Terra in San Diego, held from mid-April through May.

Ms. DeLyser referenced Jim McCormac's comments in the California Avocado Society (CAS) "The Weekly Newslines" publication of May 4 in which he reported that produce retailers responded well to avocado industry merchandising efforts and their own retail initiatives, which resulted in avocados receiving a 19% share of fruit ads the weekend prior to "Cinco" vs. last year's 16% share.

A planning meeting of the Marketing Advisory Committee (MAC) will be held at the CAC on Friday, May 21, to review past programs, discuss CAC's future crop volume and strategy for the next four-to-five years. Commissioner Bob Lucy is chair of this committee.

Ms. DeLyser next presented an overview of CAC's marketing programs and messaging, highlighting the integrated outreach:

Advertising - National:

Print Ad Campaign: The Rudolph Hass ad kicked off the campaign, running in Cooking Light, Eating Well, Saveur, Wegman's and Sunset. This print campaign runs through fall and future ads feature Gene Bianchi and Rob Brokaw.

Core Market Radio: The general market radio first flight ran from late April through Cinco de Mayo in core markets (California, Washington, Oregon and Arizona). The second flight of radio in early June will include Colorado and Texas markets.

Outdoor Campaign: Billboards featuring growers Jamie Johnson, Chuck Bandy and Jim Lloyd Butler photos with the signage, "CALIFORNIA AVOCADOS...NOW IN SEASON" were also posted in core markets in late April.

BART Poster: In the Bay Area, "In CALIFORNIA GOLD IS NO LONGER FOUND BENEATH THE EARTH" advertising is posted in the transit system.

Fitness Centers Poster: With grower Will Pidduck and signage, "Will's Favorite Stretch is Reaching For a CALIFORNIA AVOCADO."

Grocery Cart Ads: With signage, "If the Label Says CALIFORNIA You Picked The Right Avocado."

Public Relations: CAC hosted an interactive cooking event for culinary-focused bloggers to encourage coverage of California Avocados in connection with Cinco de Mayo. The event was featured on CAC's Web site and in recipe e-newsletters and throughout social media channels.

Media Coverage: Cinco de Mayo coverage generated 79 broadcast stories, including a "Good Day LA" segment with Mary Sue Milliken and Sue Feniger preparing crispy avocado tacos; an audience giveaway on the May 5 "Martha Stewart Show," a regional broadcast segment for CAC Artisan Chef partner Bruce Auden demonstrating California avocado recipes for Cinco de Mayo; 32 print stories with key newspaper placements; and extensive online coverage including 15 blogs as a result of a successful blogger event.

Merchandising

Feature Ads: 357 ads featuring avocados ran April 25-May 8; many were California specific with specific "locally grown" tags.

Retail Support: Season to date, 4,500 “Hand Grown in California” display bins in each store (4,500 bins have been sent to retailers with over 10,035 point-of-sale (POS) pieces. Many retailers have demonstrated flexibility in the size they display in response to this year’s sizing.

Online-Micro Site: Cinco de Mayo site featuring the *Too Hot Tamales*, as well as recipes, entertainment tips, a guacamole contest and media and press room. Web site e-mail signups increased 80%.

E-mail Marketing: April and May highlights were Cinco de Mayo Southwestern Guacamole recipe, a guacamole contest and a Mothers’ Day message.

Social Media: Phenomenal pickup of California avocado messages in April/May on *Facebook, Twitter, YouTube and Flickr*.

Program Measurement Using the “Dashboard” Tool – Item 7.B.
Information Item Only

Ms. DeLyser next presented the *Dashboard* for key marketing performance indicators. This tool was designed to communicate marketing measurements to the Board and can be made available for distribution to growers. The marketing indicators from November 2009 to March 2010 covered economics, social media, consumer and trade media, web analytics, foodservice and retail activation, and the Spring 2010 Cooper Roberts topline research results.

ITEM #8 HASS AVOCADO BOARD REPORT

Status of Fall Promotions – Item 8.A.

Jose Luis Obregón, Managing Director of the HAB, reported that one of the objectives of HAB is to create promotional campaigns that cover transitional periods. There is typically a buildup of supply in the fall. This year California is expected to go further into the year as well. He said HAB is sports-program oriented and is planning a full college football program with public relations and online components within HAB’s general budget. The CAIA Board was willing to participate if the other boards were participating. MHAIA declined due to lack of funding, so at this point it is only known that HAB will continue with a \$1.0 million media base program throughout the fall to support the category during that time. He noted that he met with Ms. DeLyser to pitch the program for assistance from CAC and was asked to bring the request to the CAC Board today.

Ms. DeLyser stated her support for the HAB program to augment CAC’s later shipping season, and it would provide good value that could be leveraged with key accounts. She recommended transferring \$300,000 out of the CAC consumer media budget toward this program that would run through *Super Bowl 2011*.

Mr. Bellamore added that this kind of activity would be good for the North with its late harvests, especially this year, and it also would be a good opportunity for CAC.

Following discussion this Motion was offered:

MOTION 10-19.8A:

The California Avocado Commission Board of Directors approves the allocation of \$300,000 from the CAC Consumer Marketing Media budget to the Hass Avocado Board (HAB), to be used for support in the HAB fall avocado category program. (Lucy/O'Hara) MSC Unanimous

ADDITIONAL BOARD COMMENTS

Production Research

Chairman Reeder said he will bring to the Board the costs of providing a pickup truck for field use by Dr. Dixon, Production Research Director, and how it will be handled by the CAC.

Federal Register- Proposed Rules for Mexican Avocados

Mr. Bellamore noted the May 14 Proposed Rule in the Federal Register that pertained to Mexico's avocado entry into Puerto Rico as well as these changes to the program: 1) Allow that orchard inspection activity be done by a third party rather than by Sanidad Vegetal; and 2) if a quarantine pest were found in an orchard, the protocol would eliminate only the orchard from export and not the entire municipality.

Mr. Wolk said that, conceptually, the change in inspection was fine but his primary concern was that the third party would be chosen by the Mexican Government without conditions or qualifications.

Mr. Bellamore's response was that there are International Plant Protection Convention rules to which the Mexican Government must conform.

Following Board discussion, Mr. Bellamore said he would prepare comments for CAC before the comment deadline of July 13, 2010.

A copy of the Federal Register, dated May 14, 2010, stating the Proposed Rule regarding Hass Avocados from Mexico; Importation into the Commonwealth of Puerto Rico and Other Changes, is attached in its entirety to the permanent copy of these Minutes and identified as EXHIBIT F.

Multi-Country Cooperation to Explore Alternate Bearing Research

Last October, management reported that the CEO of Avocados Australia, Anthony Allen, had contacted CAC to introduce the concept of a multi-country research project aimed at reducing the alternate bearing tendency of avocado trees. The Board supported the idea of engaging in a dialogue with the offshore interests and a meeting has been scheduled to discuss the project on June 2. A report on the meeting will be presented to the Board in June.

USDA Agricultural Marketing Service

The USDA Agricultural Marketing Service (AMS) has compiled a set of draft guidelines for oversight of Research and Promotion programs. CAC is such a program since it receives rebates from the HAB so we fall in their view under their guidelines. Mr. Bellamore stated that after the March Board he is clear on the CAC position regarding the guidelines but USDA is seeking input on guidelines by mid-June. Comments submitted to AMS from CAC will be consistent with the Board's position.

Finance Committee

CAC Treasurer Holtz mentioned that the Finance Committee will be bringing to the June Board its recommendations from reviews of the CAC corporate insurance and internal policies. Board Commissioners could talk with him and get the details before the meeting, and information would also be in the June Board packet.

Mr. O'Hara suggested that options be presented to Board in June to make the CAC boardroom more amenable to holding Board meetings there. Mr. Bellamore said he welcomed the opportunity to prepare such information for the Board to increase the utility of the CAC offices. Mr. Obregon also noted that HAB could provide some changes for meetings in its HAB boardroom.

ITEM #9 OPPORTUNITY FOR PUBLIC COMMENT

There were no public comments.

EXHIBITS

A copy of the May 20, 2010 CAC Board Packet, in its entirety, is attached to the permanent copy of these Minutes and identified as EXHIBIT A.

Copies of the California Avocado Crop 2009-10 Mid-Season Crop Estimate Update, Crop Distribution by County, and a California Crop Weekly Shipment Projection are attached to the permanent copy of these Minutes and identified as EXHIBIT B, 1-3.

Copies of the California Avocado 2009-10 Crop Distribution Projection and the 2009-10 Avocado Volume Projection into U.S. Market are attached to the permanent copy of these Minutes and identified as EXHIBIT C, 1-2.

Copies of the California Avocado Commission Marketing Program Highlights and the Dashboard, presented May 20, 2010, are attached to the permanent copy of these Minutes and identified as EXHIBITS D and E.

A copy of the Federal Register, dated May 14, 2010, Proposed Rules for Hass Avocados from Mexico; Importation into the Commonwealth of Puerto Rico and Other Changes, is attached to the permanent copy of these Minutes and identified as EXHIBIT F.

ADJOURN MEETING

With no further business, Chairman Reeder adjourned the meeting at 2:25 p.m. The next Board meeting will be held on Thursday, June 17, 2010 in the HAB boardroom, located at 230 Commerce, Suite 190, Irvine, California 92602. And

Respectfully submitted,

Betty Bohrk

I certify that the above is a true statement of the Minutes of May 20, 2010, approved by the CAC Board of Directors on June 17, 2010.

Bradley Miles, CAC Board Secretary