

**CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
January 21, 2010**

A meeting of the California Avocado Commission (CAC) Board was held on Thursday, January 21, 2010 in the Commission boardroom in Irvine, California, with the following people present:

MEMBERS PRESENT

Scott Bauwens
Gene Carbone
Reuben Hofshi
Ben Holtz
Ohannes Karaoghlianian
(morning)
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

None

CAC STAFF PRESENT

April Aymami
Tom Bellamore
Zac Benedict
Dave Cruz
Jan DeLyser
Angela Fraser
Dave Howald
Aria Lukman

ALTERNATES PRESENT

Ron Araiza
Ernie Arana
Andy Bailard
Laura Eggering
Todd Elder
Bob Schaar
Nick Stehly, Jr.
Donna Singmaster
Shane Tucker
San Vaccaro (morning)
Bob Witt

ALTERNATES ABSENT

John Lamb
Ed McFadden
Rick Shade

OFFICIALLY PRESENT

Kathryn Beseau,
Macias, Gini & O'Connell
Jon Gothold, DGWB
Doug Koegeboehn, DGWB
Lynne Netty,
Macias, Gini & O'Connell
Dennis Manderfield, CDFA
Jose Luis Obregón, HAB
Maureen Pello, USDA
Cathy Sosa, DGWB

GUESTS PRESENT

Jennifer Baker-Asiddao
Betty Bohrk
Lauren Dougherty
Austin Gavin
Erik Glassen
Michael Hurley
Marji Morrow
James McCormac
Peggy McCormick
Steven Muro
Laura Paden
Carol Steed

ITEM #1 CALL TO ORDER

Roll Call/Establish Quorum- Item 1.A.

Don Reeder, CAC Chairman, called the meeting to order at 9:05 a.m. with a quorum present.

Introductions – Item 1.B.

Newly elected Commissioners were introduced: Todd Elder, Shane Tucker, Nick Stehly, Jr., Bob Schaar, Donna Singmaster, San Vacarro, and Doug O’Hara.

Commissioner Markle inquired about the procedure for seating an Alternate at the Board table when the Member leaves the room. Chairman Reeder noted the Alternate is seated only when the Member leaves his seat for the remainder of the meeting.

ITEM #2 CONSENT CALENDAR – ITEMS 2.A,B,C

Chairman Reeder asked for questions or comments regarding the Consent Calendar items. Hearing none, the following motion was offered:

MOTION 10-11-2:

The CAC Board of Directors approves the Consent Calendar, Item 2, in its entirety:

Item 2. A. Board of Directors’ Meeting Minutes of November 19, 2009;

Item 2. B. Approval of Committee Appointments; and

Item 2. C. Approval of CAC as Provider of Avocado Inspection Program Administrative Services for the CDFR during the period from July 2010 through June 2011. (Holtz/Wolk) MSC Unanimous

ITEM #3 TREASURER’S REPORT

Consider Acceptance of 2008-09 Audited Financial Statements – Item 3.A.

Treasurer Ben Holtz referred to the Auditors’ comments on page 3.A-37 of the Board packet regarding CAC accounting policies and procedures, noting that the dynamics of change provide an opportune time to review the current policies and procedures. He will work with staff to review and make recommendations to the Finance Committee.

Referencing the second Auditors’ response on page 3.A-39, it was recommend that CAC implement a policy on internal control assessment and a comprehensive risk assessment plan, which would include monitoring the adequacy and effectiveness of internal control procedures. Mr. Carbone suggested the Finance Committee could oversee the recommendation and begin to implement if staff does the work.

The following Motion was offered:

MOTION: ***The California Avocado Commission Board of Directors accepts the 2008-09 audited Financial Statements as presented by Macias, Gini and O’Connell. (Holtz/ Karaoghlianian) Discussion***

Auditors Catherine Beseau and Lynne Netty, Audit Engagement Director and Audit Manager, respectively, from Macias, Gini and O’Connell (MGO) were introduced.

Discussion of several audit points followed between the Board and auditors. The auditors concluded that there was good financial oversight to keep the expenses in control in comparison to the revenue decreasing in 2009. However, they noted that following the departure of VP of Finance Valetta Weaver, Aria Lukman, Finance and Accounting Manager, was made a signer on the account and could sign checks under \$1,000. The auditors did not find anything wrong but cautioned that this employee should not have too much control. The auditors recommended that blank checks be held by someone other than the finance and accounting manager. President Bellamore reviews bank reconciliations after Mr. Lukman does, but he may also want to spot check to verify correct vendors and amounts.

Mr. Lukman offered to make three corrections resulting from Board discussion regarding the audited financial statements:

1. Add an *Original Budget* column to the Budgetary Comparison schedule (3A.29)
2. Reword the *Risk Management* insurance disclosure section, replace broker Brown & Brown of California, Inc. with the actual insurer's name (3A.23)
3. Break out *Interest Expense* as a separate item under Administration in the Budgetary Comparison Schedule (3.A-13, 29, and 30)

Mr. Holtz thanked the auditors for their fine work and *amended* his original Motion to accept the audited financial statements with inclusion of the three additions Mr. Lukman stated.

Mr. Holtz withdrew his original Motion.
Call for the question to adopt the Amended Motion:

AMENDED MOTION 10-12-3.A:

The California Avocado Commission Board of Directors accepts the 2008-09 audited Financial Statements as presented by Macias, Gini and O'Connell, with these modifications:

- 1) Add an Original Budget column to the Budgetary Comparison Statement;***
- 2) Revise the paragraph regarding Brown & Brown of California, Inc. in the Risk Management disclosure; and***
- 3) Include Interest Expense as an item in all applicable financial reports.***

(Holtz/ Karaoghlanian) MSC Unanimous

Consider Approval of CPA Letter of Engagement for Handler Assessment Agreed Upon Procedures – Item 3.B.

Mr. Lukman prefaced the vote by stating that CAC had performed handler assessment agreed-upon procedures every year. In 2010, ten handlers will be randomly selected for the procedures at an estimated cost of \$15,000.

Following discussion, this Motion was offered:

MOTION 10-13-3.B:

The CAC Board of Directors approves the CPA Letter of Engagement for Handler Assessment Agreed Upon Procedures as presented. (Holtz/Miles) MSC Unanimous

Process for Reporting Budget Updates – Item 3.C.
Information Item Only

Mr. Holtz reported the Finance Committee, at its meeting this morning, began discussing the process for reporting budget updates. Mr. Lukman gave an outline of the committee's goals, noting that many hinge on Board direction for reporting budget changes. Occasionally there is not enough time to go to the Board, so management relies on its own educated judgment unless the issue is controversial. Clarification is requested to ensure that the Board is comfortable with CAC management making appropriate day-to-day budget decisions and adjustments within budget categories. Control is retained by the Board since management presents financial reports including variances in budget line items.

Mr. Bellamore clarified that this would be an *affirmation* of an established management practice rather than an *assumption* of approval.

Mr. Holtz suggested, in lieu of action today, that CAC management prepare a simple policy draft which the Board could adopt at its next meeting in March 2010.

Report on CAC Pension Plan Self Correction – Item 3.D.
Information Item Only:

CAC part-time employees are excluded from the pension plan. However, Mr. Bellamore found a record-keeping error for one previously part-time employee, Zachary Benedict, who had been working over 1,000 hours each of the past two years, making him eligible for the plan. The Internal Revenue Service (IRS) allows a retroactive correction without notice to the IRS and without penalties, so CAC proceeded to make a contribution of \$5,318.75, with no matching fund required from the employee.

2009-10 Financial and Crop Update – Item 3.E.
Information Only

Treasurer Holtz presented the financial highlights with the assistance of

Mr. Lukman. In reviewing the first two months of 2009-10, the Statement of Revenues, Expenses and Changes in Net Assets report showed that approximately

\$900,000 was expended against a small assessment revenue stream. To alleviate concerns, he noted there are sufficient reserves at this point to cover expenses for the first few months of the season, in addition to a \$3 million credit line that could extend to \$4 million if needed.

In response to Mr. Carbone's questioning about sub-lease costs, Mr. Bellamore explained that at the November 2009 meeting sub-lease costs were shown and approximately \$25,000 of the costs were for equipment that was purchased and leased from the Hass Avocado Board (HAB). CAC management has since reimbursed HAB for this equipment.

Crop
Information Item Only

In November 2009 the Crop Estimating Team's opening 2009-10 season estimate was 470 million pounds for all varieties. Currently, after checking with the field people, the team recommends retaining the opening estimate, with a possible change as the season proceeds. Mr. Bellamore noted that in April 2010 one grower survey will be sent to gather hard data and couple it with another round of north/south meetings.

Commissioner Bauwens felt the current estimate is conservative. The big factor is sizing. Larger fruit is being picked now and, with the sizing curve, there could be more fruit pushed back into the year. He added that the usual ratio of 60% south - 40 % north picking at this time of year is switching opposite. He anticipates more volume in March and April along with more carry-out at the end of the season. The Medfly quarantine in the south will have an effect but not as big as the 40% of crop that news media was reporting.

Peru may be a factor this year. Mr. Bellamore noted the United States Department of Agriculture (USDA) Ruling became effective on February 3, 2010.

Commissioner Wolk suggested estimating the opening budget by the same method as estimating the crop, so the original number is *memorialized*. Everyone can see the original starting-point budget as well as changes that are acknowledged during the season.

Mr. Holtz noted he receives a significant volume of scanned financial information from CAC administration to keep him informed. He explained the need to clarify a policy regarding the review of expense reports by a member of the Executive Committee. The current policy does not state which member should review. He agreed to review all expense reports except his own, which will be reviewed by Chairman Reeder and Vice Chairman Karaoghlanian.

During the next few months, the Finance Committee will be proposing some policies and adjustments/clarifications.

ITEM #4 CHAIRMAN'S REPORT

Potential 2010 Agenda Items for Future Discussion Item 4.A.

Information Only

Chairman Reeder asked the Board, "Where do we need to go this year?"

Suggestions from the Board followed:

- Look at the eligibility of all candidates who are running for election as Alternate Commissioners.
- Clarify the Bylaws regarding the process for moving an Alternate into a vacated Member seat and filling the Alternate seat. (Karaoghlanian)

Mr. Manderfield noted that the Statute states that if the Member leaves, the Alternate serves the remainder of the term. If the Alternate position is open, the Board fills that position. Any rewording would require a statutory change.

- Board Review of Bylaws Article IV, Section 2, regarding spending authority of the Executive Committee. (Wolk)
- Review the Contractor rate schedule with the Commissioners so they can be informed about the general business of the Commission. (Holtz)
- Have a rotation schedule for Board meetings north and south. (Eggering)
Mr. Bellamore noted that in November 2009 the view was to use District meetings for planning/annual meeting sessions in April 2010. Mr. Miles noted that each district must hold three grower meetings each year, so he supported the idea of April meetings in the districts. He suggested it should be an agenda item to bring it to a vote.
- Pursue grove identification and the traceability issue. (Miles)
- Elevate the food safety issue. Set up similar to the Global Good Agricultural Practices (GAP). (Bauwens)
Ms. Eggering added the CAC/CAS/UCCE February seminar topics will be food safety and traceability.
- Take a fresh look at the overall direction and future of the Production Research Program. (Hofshi)
Mr. Reeder noted that Dr. Jonathan Dixon will be involved in discussions on this issue.
- During the season, reflect back on the CAC business plan – progress, evaluation, measurements. (Holtz)

Ms. DeLyser, CAC Vice President of Marketing, is working toward this with the agencies, who could provide a review when they present their reports.

- Involve packers and marketing people before next season's market planning so that everyone, particularly the major packers, is on the same page. Also look at CAC staffing needs. (Lucy)
- Look at the possibility of leasing Cal Poly's *Pine Tree Ranch* property in Santa Paula, California, for research plots. (Miles)
Mr. Bellamore said this will be discussed once Dr. Dixon is at CAC. His first priority will be to get information out to the growers.

ITEM #5 PRESIDENT'S REPORT – Industry Affairs Update

Information Only

President Bellamore prefaced his report noting a change in today's meeting locations. Due to heavy rainstorms, the CAC Board will remain at its headquarters for the duration of its meeting instead of traveling to the HAB location for lunch and afternoon session. Consideration will be given to holding the March 2010 CAC Board meeting at the HAB location and determine if it is feasible to hold future meetings there.

As a point of reference, Mr. Wolk stated that when HAB was looking for a new location last year, the Board was adamant about locating offices with a boardroom so CAC could use the room at no cost. He reminded the Board that all growers contribute to HAB through their assessments.

Industry Affairs Department Reorganization- - Item 5.A

President Tom Bellamore reported that in ramping-up Industry Affairs last fall 2009, the CAC Board approved a budget to increase grower communications, e.g., demonstrations, a visiting researcher program, research coordination, and field service. He felt it was imperative to improve CAC's quality of grower communications through E-mail and Web information, along with taking a giant step forward in providing growers with successful Best Practices which will enable them to become better producers.

The second part of the Industry Affairs Department re-organization is building intra-industry communications with growers within their districts. The CAC grower list is confidential by law, but there is a way to improve communications.

Mr. Bellamore told the Board he has a plan to rebuild the department that was stripped down last July, and Dr. Dixon is part of this reorganization to improve outreach to the growers. He is in New Zealand, available now, and will arrive in mid-February.

In addition to his plan to cover the basics in CAC's new communications plan, Mr. Bellamore said it will be important to initiate grove identification and traceability programs. Acting on these programs with a smaller staff will be a challenge but he

and Dr. Dixon will be working together toward solutions and will report progress at future meetings. In answer to questioning about Dr. Dixon's viability, Mr. Bellamore made it clear that he will be speaking to the Board and growers with a very clear job description.

The District 2 idea to expand communications with growers in that district was next discussed. A sample mailing piece distributed to the Board explained the goals Commissioners and their Alternates are planning to accomplish through electronic communications, e.g., updates on quarantines or other important issues, agenda items for an upcoming meeting, brief overviews after meetings, and soliciting feedback on important decisions.

The database would be derived from the growers replying electronically to a CAC District 2 e-mail address. That mailbox would be checked by District 2 Board Member, Ms. Singmaster, who volunteered to send the message to one or all Commissioners for a response, without knowing the sender's name. The response would then be sent by Ms. Singmaster through the District 2 address. It would be a confidential two-way conversation with district growers.

Ms. Eggering explained that a past survey requesting grower preference to receive information physically or electronically resulted in 80% who preferring physical mailings. She is hopeful this percentage has since decreased among the nearly 2,000 growers in District 2.

Regarding the issue of confidentiality, Mr. Bellamore said some type of privacy policy would be in order, but the second part to consider is that this program is voluntary.

In response to Mr. Karaoghlanian's questioning who is in charge of the database, Mr. Wolk answered it is independent of CAC and would be used *only* for communication and *not* for political reasons. There would have to be an element of trust in the four District 2 Commissioners who would be responsible for this pilot program, although there would be only one of them sending or receiving the messages. Ms. Eggering added that they would be self-monitoring.

It was suggested that one CAC staff member be copied on messages to prevent any political or ill-advised, non-Board approved statements.

Grower Carol Steed offered a suggestion to have general parameters about the information that can move through this electronic program. Mr. Wolk noted that CAC already has a parameter for information in the *CAC Election Procedures*.

Ms. Steed felt the *Election Procedures* need to be expanded to include electronic communications.

Mr. Manderfield expressed he had some of the same concerns discussed but weighed them against the great advantage to trying this program. Other commissions have no formal process allowing their board members and alternates

to contact constituents. It is a new concept. He suggested the Board may want to gather electronic information from *all* CAC districts to determine if they, too, are ready to proceed.

In closing the discussion, Mr. Bellamore stated that addresses would be collected for this pilot project.

USDA Final Rule on Hass Avocados from Peru – Item 5.B.

President Bellamore next reported Peru's anticipated export of 42 million pounds to the U.S. this season will peak April through September, and that they have other export destinations in addition to the United States.

The general feeling is that there will be less volume from Peru and other factors could govern the actual volume allowed, e.g., retail response to treated fruit and the limited areas that are Medfly-free. Mr. Hofshi added that he does not believe there is truly a pest-free zone from which they can ship avocados.

Mediterranean Fruit Fly Research (Medfly) – Item 5.C.

Mr. Bellamore noted the current Mediterranean Fruit Fly quarantine in the Fallbrook/Escondido area. In reference to a recent article in the *Greensheet*, CAC staff has been questioned on removing the need for bait treatment. The bait treatment ruling has been removed for Mexican Fruit Fly quarantines. However, in a Medfly quarantine, bait treatment is still required. Comprehensive Medfly research in a foreign country would be required before bait treatment for Medfly infestations could be removed in California.

Some of the growers presently under quarantine have asked CAC to advocate for removal of bait treatments based on research done in South Africa and Argentina; however, *if* the USDA approves the no-bait rule, Peru would also be exempt from treating its avocado exports to the United States. Mr. Bellamore had discussions with the USDA and he reported they are currently reviewing research through their own scientists. Changing the no-bait treatment for Medfly would require a *regulatory* change and would not be in effect for the current Medfly quarantine.

Water Program – ITEM 5.D.

Mr. Bellamore noted the short list of water projects proposed in the "Scope of Work" on page 5.D-2 in the Board packet. The Board allocated \$75,000 in the 2009-10 budget. As reflected in the November 2009 Minutes, the Board agreed that CAC should remain engaged with the Metropolitan Water District (MWD) to remain aware about current issues and to remind MWD of the importance of agriculture as a customer base. However, due to a few Commissioners' uneasiness about the scope of this item, it was again placed on today's agenda. He asked the Board to take a minute and read the staff recommendation at the top of page 5.D-2.

Board discussion followed with a range of comments expressed to retain the Water Program and the Malcolm Pirnie agency:

- The major setback in San Diego County is the water quality – salinity levels are not acceptable in the chloride mix. We can influence that through MWD.
- Water rates are high in the Rainbow Water District and the water quality is not good. We need to continue the CAC Water Program and have Board Chairman Reeder represent us, along with Mr. Wolk, who will be named SCAWT Chairman, and a small SCAWT board, expanded when necessary. We have a chance to put two people on MWD's Blue Ribbon Committee.
- Malcolm Pirnie key staff, Ed Means and Michael Hurley, get into the MWD *back room*, and that is where the action is. It is *who* you know. They are our eyes and ears and already have established good working relationships with the staff who work in the *trenches* at MWD.
- More dialogue is needed with Malcolm Pirnie regarding *who* is attending meetings. There may be services where we could use one of their less-costly technicians.
- Ed Means has so many great connections on the MWD Board that you need Malcolm Pirnie for their influence.
- The Rancho California Water Board we could also influence through Malcolm Pirnie.

Grower Steed expressed her hopes that the CAC Board will take a fresh look and come up new strategies to educate the various MWD water boards, and not be afraid to spend the money. She noted that CAC is spending less now than years ago when the water program was initiated.

Mr. Bellamore closed the comment period noting that CAC previously had an active water team because the chairman wanted to keep everyone informed. Malcolm Pirnie would attend every water meeting, which was costly. This season he and CAC staff will oversee the water program spending to ensure more efficient use of Malcolm Pirnie's time and money to gather information and influence the water boards.

MOTION 10-14-5.D:

***The CAC Board of Directors agrees to retain in the 2009-10 budget \$75,000 for the Water Program, with President Bellamore and Chairman Wolk of the Southern California Agricultural Water Team (SCAWT) administering the allocations wisely at their discretion.
(Woodworth/Karaoghlanian) MSC with one opposed (Miles)***

ADJOURN FOR LUNCH

The Chairman adjourned the Board for lunch at 11:45 a.m. and reconvened the meeting in the CAC offices at 12:30 p.m.

ITEM #6 MARKETING REPORT – ITEM 6.A.

CAC Vice President of Marketing, Jan DeLyser, introduced her marketing team, noting they will step-up to a new level after gathering comments from growers following the annual and planning meetings in April 2010.

- Dave Howald is Retail Marketing Director for the Northwest
- Connie Stukenberg, Southwest Merchandiser, is providing contract work with her connections to key Southern California and Phoenix retailers
- Dave Cruz, Marketing Development Manager, is the liaison between the merchandisers and foodservice teams for CAC and HAB
- Angela Fraser, Marketing Manager, is the liaison between CAC/HAB and USDA. She also chairs the Produce Marketing Association (PMA) Convention Exhibitor Advisory Committee
- Zachary Benedict, Marketing Assistant, has been with CAC since 2008 and is working with Ms. Fraser on the Web site re-launch.

All of Ms. DeLyser's team, with the exception of Mr. Howald and Ms. Stukenberg, have responsibilities with HAB as well. Mr. Cruz works with the HAB merchandising team, Dave Anderson, Sheila Carden and Cece Krumrine, who in addition to HAB can free-lance merchandising for other agriculture industry associations.

Ms. DeLyser also introduced:

- Steven Muro, Fusion Marketing, who manages trade communications and data assets
- Peggy McCormick, MMM Marketing, who manages foodservice outreach
- Marji Morrow, Rockwell Morrow, who works with trade publications and planning
- The DWGB Advertising agency's creative team consisting of Doug Koegeboehn, Jon Gothold, Erik Glassen, and Cathy Sosa, Media Director
- Jennifer Baker-Asiddao, Golin Harris Agency, manages CAC's consumer PR and nutrition programs
- Lauren Dougherty with Red Door Interactive, CAC's new online marketing agency

An award for an advertising spot in 2009 called "Prelude" in the food channel was displayed for the Board.

Highlights of the Consumer Advertising Creative Execution, 2010 Campaign that were presented by Mr. Koegeboehn, DGWB Group Account Director:

- More Consumers are falling in *LOVE* with avocados
 - Unit sales increased 17% overall in the past year

- One-third of consumers in advertised markets are considered “super-users” (120+ avos/yr). They are men and women, ages 25 to 54 who like to entertain, love good nutritious food, are proud of American grown and want to *know* where their food is grown. A broader description that was distributed to the Board is included as an exhibit to the Minutes, titled “The Premium Avocado Target.”
- Consumers are *WILLING* to pay more during the California avocado season
 - 108 million more retail avocado dollars were generated in-season 2009
 - In 2009 the California season generated 22% more retail dollars
 - Attitude of “grab when California avocados are available and don’t worry about the price.”
- Retailers generate *MORE* dollars during the California avocado season
 - The California timeframe (April through September) has exceeded the non-California timeframe by an average of almost \$500 per store per month
- More dollars are generated as consumers *PREFER* California fruit 9 to 1 over imported fruit
- California is considered the *PREMIUM* avocado as it ranks first in key attributes of taste, freshness, quality, food safety and environmentally responsible farming practices
- We want to make the campaign work *HARDER* to increase grower values
 - Leverage consumers’ desire to support American farmers
 - Place a stronger emphasis on *California* in the copy and art direction of the advertisements

Jon Gothold, DGWB Creative Director, next reported they had conducted some hard-line testing on the 2010 advertising and, in general, it tested very well. He echoed the focus of “make the campaign work *HARDER* to increase grower value.”

Two key points in this season’s advertising campaign were shown: 1) the hand-lettered ad headlines that are reminiscent of vintage California fruit labels to give a *California* look; and 2) placing the over-sized word CALIFORNIA in the ads. One ad was displayed showing a 1920’s Rudolph Hass photo with his avocados under headlines “Every Hass Avocado Worldwide Can Trace Its Lineage Back to CALIFORNIA,” and a sub-title “That’s a Heck of a FAMILY TREE.”

The Board unanimously expressed its approval of the new advertising campaign that gives credibility to California avocados.

Mr. Gothold next showed two growers’ stories that will *RESONATE* with the target group: Rob Brokaw in the North and Gene Bianchi in the South.

DGWB will also FOCUS on media of high interest to the target group. Ms. Sosa presented media the agency is considering, which includes epicurean and healthy-living magazines, Web sites, food blogs and *Foodbuzz*, the first social network for “foodies.”

Out-of-home (OOH) and in-store continues to play an important role in driving purchases, so regional support in the strongest distribution and retailer markets will be provided through in-store radio and carts; print in *Sunset* magazine and retailer-specific media; OOH bulletins and health clubs; and radio ads during drive times. The multi-media mix will target customers *throughout* the day.

Advertising timing will occur around *Cinco de Mayo* in May and on through September in markets where California avocados are widely available.

Ms. DeLyser told the Board that her team will soon meet with the Marketing Advisory Committee to get its input on this season’s campaign and adjust the media timing if needed.

Ms. DeLyser stressed that our relationship with the target audience will be nurtured digitally through social-media marketing, e-mail marketing and search-engine marketing. The *grower* campaign will be incorporated into all communications across the board – foodservice, public relations and merchandising. The “INSIST ON CALIFORNIA AVOCADOS” *retail* plan was designed to grab more consumers. A matrix was displayed showing timing of the various elements in the retail program.

In reply to questioning about matching the Avocado Marketing Research Center (AMRIC) destination data with markets, Ms. DeLyser said it can be done but it is challenging with shippers. She also remarked, to Mr. Carbone’s question, that Foodservice is about 30-35% of the business but varies year-to-year. Foodservice does not have the elasticity that retail has.

In closing, Ms. DeLyser noted for reference that the entire marketing presentation is included in the Exhibits of these Minutes. She said CAC stands to a tremendous opportunity and her team’s goal is to make the marketing money work harder and faster. It is costly to bring on new users, so most of the money is placed against a target group that already buys avocados, to entice them to buy more. The per-capita consumption is positive and inching upward.

ITEM #7 HASS AVOCADO BOARD REPORT

HAB Managing Director Jose Luis Obregón announced that, after seven months, appointments to four vacant seats have been made: Producer Members John Lindstrom and Jamie Johnson; Importer Members Jimmy Lotufo and Barry London. Importer Alternates are Scott Bauwens, and Hugo Gonzales with Mexico’s Green Gold.

Mr. Obregón noted HAB has been operative in its new Irvine location since November 2009 and the Board looks forward to welcoming the CAC Board of Directors in March 2010.

HAB is initiating a nutritional research strategy and recently held a workshop with chairpersons of other associations to discuss development of health messages. Mr. Obregón explained that HAB has a strong commitment to spending five million dollars for nutritional research and messaging. Their hope is that these funds will help the entire avocado industry sell more avocados.

ITEM #8 OPPORTUNITY FOR PUBLIC COMMENT

Alternate Member Eggering said she would like to see a ruling regarding seating an Alternate when the Member leaves his/her seat during the Board meeting, even for a short period of time, since a Motion may be called to a vote.

EXHIBITS

A copy of the January 21, 2010 Board Packet, in its entirety, is attached to the permanent copy of these Minutes and identified as EXHIBIT A.

A copy of the proposed mailing to growers in District 2 is attached to the permanent copy of these Minutes and identified as EXHIBIT B.

A copy of the Federal Register section dated January 4, 2010, regarding Importation of Hass Avocados from Peru, is attached in its entirety to the permanent copy of these Minutes and identified as EXHIBIT C.

A copy of "The Premium Avocado Target" is attached to the permanent copy of these Minutes and identified as EXHIBIT D.

A copy of the Marketing Report is attached to the permanent copy of these Minutes and identified as EXHIBIT E.

ADJOURN MEETING

With no further business, Chairman Reeder adjourned the meeting at 1:25 p.m. The next Board meeting will be held March 18, 2010.

Respectfully submitted,

Betty Bohrk

I certify that the above is a true statement of the Minutes of January 21, 2010, approved by the CAC Board of Directors on March 18, 2010.

Bradley Miles, CAC Board Secretary