

**CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
June 16, 2011**

A meeting of the California Avocado Commission (CAC) Board was held on Thursday, June 16, 2011 in the CAC board room in Irvine, California, with the following people present:

MEMBERS PRESENT

Scott Bauwens
Gene Carbone
Reuben Hofshi
Ben Holtz
Ohannes Karaoghlanian
John Lamb (Alt. Pecht)
Bob Lucy
Ed McFadden
Bradley Miles
Doug O'Hara
Steve Taft
Shane Tucker
San Vaccaro (Alt Woodworth)
Charley Wolk

MEMBERS ABSENT

Tom Pecht
Andria Pontello,
Public Member
Gary Woodworth
Jim Donovan,
ex-officio HAB

CAC STAFF PRESENT

April Aymami
Tom Bellamore
Zac Benedict
Dave Cruz
Jan DeLyser
Jonathan Dixon
Angela Fraser
Dave Howald
Aria Lukman
Ken Melban

ALTERNATES PRESENT

Ron Araiza
Todd Elder
Keith Reeder
Bob Schaar
Donna Singmaster
Nick Stehly, Jr.

ALTERNATES ABSENT

Ernie Arana
Joanne Robles
Rick Shade
Jerome Stehly
Jim Swoboda
Bob Witt

GUESTS PRESENT

Betty Bohrk
Wayne Brydon
Veronica Espinoza
Austin Gavin
Doug Koegeboehn
Tim Linden
James McCormac

OFFICIALLY PRESENT

Chris Ambuul, CAS
David Anderson, CAC
Veronica Douglass, USDA/AMS
(via teleconference)
Laura Eggering, CAS
Karen Gorrell, MMM Mrktg.
Dennis Manderfield, CDFA
Peggy McCormick, MMM Mrktg
Steven Muro, Fusion Marketing
Duane Neverman, Grower
Jose Luis Obregón, HAB
Scott Scarbrough, CAS
Ann Segerstrom, MMM Mrktg.
Connie Stukenberg, CAC

ITEM #1 CALL TO ORDER

Roll Call/Establish Quorum- Item 1.A.

Charley Wolk, CAC Chairman, called the meeting to order at 9:15 a.m. with a quorum present.

Introductions – Item 1.B.

There were no introductions.

ITEM #2 CONSENT CALENDAR

Action Item

Mr. Wolk asked for questions or comments regarding the Consent Calendar item. Hearing none, he declared the Minutes be filed as presented.

Note: The Consent Calendar consisted of the following item that is included in the June 2011 Board Packet, EXHIBIT A), 2.A,1-11: Consider Approval of Board of Director's Meeting Minutes of May 19, 2011.

ITEM #3 COMMITTEE REPORTS

Marketing Advisory Committee (MAC) – Item 3.A.

Information Item

CAC Vice President of Marketing, Jan DeLyser reported on the May 26, 2011 MAC meeting and the committee's discussion of CAC's media schedule and the timing of the California crop, as well as projected export volume and timing. Chairman Bob Lucy said the MAC has created a higher level of communication between CAC and the sales organizations resulting in better coordination and strength in the marketplace. The committee will meet via conference call in July to discuss market timing and the media schedule.

GAP Committee – Item 3.B.

Information Item

GAP Committee Chairman Scott Bauwens reported his committee is well underway with revisions of the GAP manual, and they will meet on June 27, 2011 with the CDFA to determine if CDFA will put its stamp of approval on the avocado specific manual.

Mr. Wolk praised the working committees for this season, noting their leadership and willing participation have been awesome; and that these volunteers are achieving results with a focused purpose.

ITEM #4 TREASURER'S REPORT

Finance Committee Report – Item 4.A.&B.

Financial and Crop Information Item

Treasurer Ben Holtz reported that his Finance Committee met this morning, noting the following:

- The handler assessment audit was completed and there was no material audit finding.

- The strong cash position with which CAC began the season, along with the strong market conditions, lead us to expect higher year-end net Reserves than the \$6.3 million originally projected.
- The Finance Committee regularly conducts cash disbursement audits. The May 2011 cash disbursement register was presented to the committee.
- The Finance Committee unanimously recommended approval of Budget Amendment #1.

The 2010-11 Financial and Crop Update, in its entirety, is included in the June Board Packet, Item 4.B, 1-9.

Consider Approval of Budget Amendment No. 1 – Item 4.C.

Action Item

A draft of Budget Amendment # 1 was summarized in the Board Packet, Item 4.C-1, noting 1) corrections to CAC's fees revenues projection; 2) *new* spending totaling \$46,000; 3) realignment of line item expenses in the Merchandising program; 4) reallocation from Consumer Advertising Media to fund a Consumer Segmentation Study; 5) increase in Salaries budget due to new hire; and 5) increase in Crop Forecasting and Analysis category due to 2010 satellite imagery availability earlier than originally estimated. *Fiscal Impact:* 1) increases the fees revenues projection by \$81,615 and 2) increases spending by \$108,000.

Total net effect to CAC's reserves: a decrease of \$26,385.

A Motion was made by Ed McFadden "to approve Budget Amendment #1 as presented."

(McFadden/Carbone) MSC Unanimous

MOTION 11-6-16-1

The Consider Approval of Budget Amendment # 1, dated June 10, 2011 is included in the June Board Packet, Item 4.C, 1-6.

Mr. Wolk explained that the Finance Committee may be the most challenging of committees because it requires watching every aspect of CAC spending. He complimented Chairman Holtz for his diligent work.

Ms. Douglass, of USDA/AMS, asked if the Chairman would mind taking a *vote* approving the Minutes in the Consent Calendar; he responded "yes" but that he would request action anyway.

Mr. Wolk called for a vote on the Consent Calendar, Item 2.A.)Approval of Board of Directors' Meeting Minutes of May 19, 2011. Hearing no dissenting votes, he declared the Minutes unanimously approved.

ITEM #5 PRESIDENT'S REPORT

2011-12 Planning – Item 5.A.

Information Item

President Tom Bellamore reported that the planning process for 2011-12 is well underway and the Marketing Advisory Committee's (MAC) input will fold into the process. Jan DeLyser, Marketing Vice President, led the key agencies on June 2 in a special planning session to review progress, identify program improvements for the 2011-12 fiscal year, and to consider new activities that would enable CAC to stay on the leading edge of marketing. He reported that the agencies saw a need for more robust consumer research to guide the 2011-12 planning. The agency group reviewed the existing strategic frame and consensus of the group was that it continues to serve its purpose as a guide for next year. As adjustments are made, the Board will be advised.

Mr. Bellamore noted one additional component that contributes to the overall CAC effort is the people behind it. He commended Dave Cruz, Marketing Development Manager, who recently celebrated his 20-year anniversary with CAC and is more valuable than ever.

He referenced the 2011-12 Business Planning Cycle:

- June 30 - CAC planning meeting with all partner agencies will delve into *competitive spending* by other groups who advertise avocados; the CAC *message* for next season will dig deeper into trends and market environment.
- July - CAC staff will put together 2011-12 strategies and present at the August 18 Board meeting.
- Finance Committee in August will look at numbers and after the August Board, we will set down tactics that you will see in September.
- September – The first preliminary business plan, budget and assessment rate will be presented at the Board meeting. Then CAC will take it out to the grower meetings.
- October - Final vote on plan, assessment rate and budget.

Further comments on planning:

- The PRC meeting held on June 15 was excellent in relating to industry needs and how it can meld research with the industry's needs.
- CAC's preliminary business plan has the vigor and dimension in aligning all the programs but we need to look at the world supply coming into the U.S. marketplace. The assumption for planning purposes is that the supply will continue to grow; 2020 supply and demand could be two billion pounds.
- This season represents a paradigm shift. All produce is more costly this year and that helps make our shift a long-term phenomenon as long as demand keeps pace; the per-capita consumption has now increased to slightly over four pounds.
- However, sustained growth for California is a concern with new world entrants coming into the U.S. market.

Copies of the CAC Strategic Plan 2010-2020 and the 2011-12 Business Planning Cycle are attached to the permanent copy of these Minutes and identified as EXHIBITS C and D.

Election Schedule – Item 5.B.

Information Item

Mr. Bellamore explained that due to redistricting, more than the usual number of producer member and alternate seats are up for election in October 2011. A summary of open seats are included in Item 5.B-2. All currently seated Board members and alternates whose seats are either affected by redistricting or by expiring terms have been notified of their options should they choose to run in the upcoming elections.

The 2011 Board of Directors Election Schedule and the 2010-11 Board of Directors List are included in the June Board Packet, Item 5.B, 1-3.

Consider Approval of Legislative Language to Enhance CAC's Data Collection Ability – Item 5.C.

Action Item

The Board discussed legislative language to grant CAC authority to implement a grove ID system. Production data by zip code is addressed, along with a change in redistricting language to provide volume data for five years (currently two years) in redrawing district lines to improve CAC's data collection system.

Mr. Bellamore explained that last month language was presented for the Board's review and the Board supported moving forward with placeholder legislation, so that a change in the Law could be effected by January 1, 2012. He stated that the proposed language is simply a grant of authority to CAC, but the Board may choose not to exercise that authority. He noted that Mr. Karaoghlanian's suggested change last month to eliminate the words "but limited to" in Section 67091 (s) has been made in the language.

Following discussion:

A Motion made by Ed McFadden was offered "to approve moving forward with submission of the Amendments to Assembly Bill 914 proposed for CAC Law in Section 67042 and Section 67091 (r) and (s) of the Food and Agricultural Code. (McFadden/Tucker) MSC Unanimous MOTION 11-6-16-2

Mr. Bellamore will submit the details to the next Senate Agriculture Committee hearing on June 21, to effect these CAC Law changes on January 1, 2012.

Amendments to Assembly Bill No. 914, in their entirety, are included in the June Board Packet, Item 5.C, 1-5.

ITEM # 6 CHAIRMAN'S REPORT

Consider California Avocado Society Request for CAC to Host the World Avocado Congress in 2015 – Item 6.A.

Action Item

The California Avocado Society (CAS) will be celebrating in 2015 its 100th anniversary and members were present to request volunteers and seed money to vie for the World

Avocado Congress that hopefully would be held in California during their anniversary year. On the final day of this year's congress there will be a vote polled on where the next congress will take place.

- Members of the CAS spoke to the Board (Ambuul, Eggering and Scarbrough) to provide background on the CAS involvement in the 1991 congress that was held in California; with the logistics of a world avocado industry gathering, volunteer efforts would be requested from the CAS, CAC, UC researchers and Farm Advisors, in addition to an engaged event planning company to set up a venue.
- A joint committee of CAS and CAC was suggested to move forward on these efforts prior to the September 2011 World Congress in Australia.
- **Ohannes Karaoghlanian, Reuben Hofshi and Bradley Miles** volunteered to be CAC representatives on the joint CAS/CAC World Avocado Congress Committee.
- The value of pursuing this effort to host the 2015 World Congress was discussed, stressing the components of California's position as a *global player* and the importance of developing further world industry relationships. However, the impact on CAC staff's time and efforts would need to be evaluated.
- Seed money was requested to prepare materials for distribution at the upcoming congress. CAC would handle disbursement of resources.

Following discussion:

A Motion was made by Ohannes Karaoghlanian "to allocate a line item in the 2010-11 budget, for a maximum \$20,000 "seed money," and to form a joint CAC/CAS committee which would investigate and frame the possibility of California hosting the 2015 World Avocado Congress with the stipulation that no final decision on CAC's further involvement would be made until CAC's August 2011 Board meeting."

(Karaoghlanian /O'Hara) MSC Unanimous

MOTION 11-6-16-3

It was noted that all of the allocated funds did not have to be utilized. The joint committee will meet soon to work out details of what is initially needed in materials and money to pitch *California for 2015* at the upcoming congress in Australia

*Report on Meeting with Valent USA Corporation Regarding Expedited Labeling for Uniconazole (Sunny) – Item 6.B.
Information Item*

Mr. Wolk reported on the recent meeting with Valent in Dublin, California, to determine if there were a way to partner with them in the process to have Uniconazole (*Sunny*) labeled for producing avocados. He was joined in the meeting by key CAC staff members, Tom Bellamore, Jonathan Dixon, and Ken Melban, who reported on key points of the meeting:

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- Mr. Melban had researched scientific tests required by federal and state registration bodies. Staff had a level of confidence that these tests could be accomplished by conducting field studies concurrent with the labeling process. Ultimately CAC got to crossroads where Valent said that economically avocados would not be on their list of pursued products; e.g. if Valent does not see a way to make money, they are not interested. They want to see us as a cost-sharing partner in *their* doing the research work. A follow-up letter was written to Valent after the meeting, but a reply has not yet been received.
- Valent said it would not be easy to get labeling through the Environmental Protection Agency (EPA). EPA requires specific avocado use requirements. There was discussion at the meeting on how to make it more palatable to overcome EPA resistance, e.g. variability of using aerial spray or backpack spray.
- *Valent* is trying to forecast its own sales potential – including looking at sales potential to avocado growers. Mr. Wolk asked what amount of avocado sales would be needed to participate, to which Valent's marketing department responded by asking questions about the industry's growers and stating that Valent has an internal prioritization system and participation would be relative to items already in their *pipeline*. Mr. Bellamore expressed strongly that this information should have been stated at the beginning of the meeting.
- There is an industry paradigm shift; there are different views out there and these are influencing growers wanting to use this product.
- When *SUNNY* is out of patent, other companies may have similar products; there is currently a generic version (*SUMAC*).
- Economic barrier in development of the registration packet is the accelerating cost; it is estimated at upwards of \$2.5 million.

Mr. Wolk concluded discussion stating that staff will continue to pursue this product labeling issue for avocados and, if information is forthcoming prior to the August Board meeting, it will be sent by email to the Board.

Water Strategy Update – Item 6.C.
Information Item

Mr. Wolk reported that he and CAC staff had met with representatives of Golin Harris and Malcolm Pirnie to outline the parameters to secure a fixed price for agricultural water that would keep farmers in business and a strategy for achieving that goal.

- The cost/benefit ratio of proceeding with the plan will need to be further studied, but there are potential huge savings to growers, perhaps as much as \$60 million per year, in addition to benefits in growing areas outside of the Metropolitan Water District's jurisdiction.
- In a meeting with Larry Dick, an influential MWD Director and Chair of MWD's Agriculture and Business Outreach Committee, Mr. Wolk said the challenge ahead is substantial. He noted that Mr. Dick was willing to facilitate CAC contact with other MWD directors.
- Board will be apprised of further details as they become available, so that they will be prepared to evaluate how to proceed on water strategy.

Chairman's Report - Miscellaneous Items:

Board Meeting Date Change in September

Due to the 2011 World Avocado Congress to be held in Australia, September 5-9, the original CAC Board meeting date of September 15 will be changed to allow for returning participants. CAC staff will canvass the Board to identify a new September meeting date.

Funding CAC Directors to Attend the Produce Marketing Association's Convention (PMA)

Action Item

Cost is approximately \$3,000 per person to attend.

In the past, CAC has consistently sent the Board Chairman and two others.

There was Board discussion on the value of attending and who to send this year; it was suggested that whoever is sent should present to the Board a short overview of what they learned.

Due to constraints of time, a commitment was needed at this meeting.

A Motion was offered by Doug O'Hara to "fund two additional Board members, in addition to the Chairman, to attend the Produce Marketing Convention in Atlanta, Georgia, October 2011.

(O'Hara/Lamb) MS

Further discussion of the value in attending resulted in an Amended Motion by the Maker and agreed to by the secondary, to change the number from two to four Grower Commissioners in addition to the Chairman.

Amended Motion

A Motion was offered by Dough O'Hara "to fund four additional Grower Commissioners in addition to the Chairman, to attend the Produce Marketing Convention in Atlanta, Georgia, October 2011."

(O'Hara/Lamb) MSC Unanimously

MOTION 11-6-16-4

Mr. Holtz noted that an adjustment in the line item will be made to Budget Amendment #1 to cover the additional PMA attendees; he will propose a revised Budget Item.

There was discussion to determine if a grower Board member, who would want to attend the PMA convention and pay his/her own travel and lodging expenses, could be reimbursed by CAC for the full registration fee of \$900. It was noted that there would also be available some free day-passes allocated to CAC for any industry person who would want to walk the convention floor for one day.

A Motion made by Ohannes Karaoghlanian “to approve that CAC provide convention registration for a maximum 15 persons at a maximum cost of \$900 each, if grower Board members or alternates choose to spend their own funds for travel to and lodging at the October 2011 Produce Marketing Convention in Atlanta, Georgia.

(Karaoghlanian/O’Hara) MSC Unanimous

MOTION 11-6-16-5

ITEM # 7 MARKETING REPORT

Merchandising Program Highlights– Item 7.A.

Information Item

Ms. DeLyser introduced the trade marketing presentation highlighting a few noteworthy accomplishments:

- The power of the point of activation cannot be minimized and is key to CAC’s overall marketing program integration
- The merchandising and foodservice programs have resulted in promotions in a challenging market that continue to build awareness and demand
- Communicating in-season availability of California Avocados and usage ideas through integrated marketing activities are key to the success of the program

The following key personnel of the Merchandising Department presented highlights of their activities and results this season:

- **MERCHANDISING**
Dave Howald, Connie Stukenberg, Dave Anderson and Dave Cruz
- **INFORMATION RESOURCES**
Steven Muro

Details of each program’s successes in leveraging the power of consumer advertising through merchandising are outlined in EXHIBIT E.

Foodservice Program Highlights – Item 7.B.

Information Item

CAC’s foodservice team; Peggy McCormick, Ann Segerstrom and Karen Gorrell presented a wide range of activities covering foodservice advertising; public relations ; chain promotions and merchandising using direct mail and radio; foodservice avocado grove tour; and sponsoring events at foodservice conferences, meeting with key foodservice decision-makers and showcasing fresh avocados.

Questions from the board followed with answers:

- Less fruit this year but overall foodservice is coming back and predicting a record increase in fresh avocado sales
- Fast casual is a growing segment
- Processed avocado is not tracked by CAC, but is a growing category
- Avo Babies Contest entries number 200+, exceeding CAC’s goal of 150

- Foodservice integration in the overall marketing program is exceptional
- Social media participation is outstanding

Today's Board lunch incorporated several dishes from key restaurant menus.

The June Marketing Report for Merchandising and Foodservice is identified as EXHIBIT E; the Key Performance Indicators, updated June 13, 2011 is identified as EXHIBIT F.

ADJOURN FOR LUNCH

The Chairman adjourned the Board for lunch at 12:30 p.m. and reconvened the Board meeting at 1: 15 p.m.

Continuation of Administrative/Finance Items

PMA: **Gary Woodworth, Joanne Robles, John Lamb, Ohannes Karaoghlanian and Alternates Jerome Stehly and Keith Reeder** were the names drawn for the four Board Members to attend PMA with full registration, travel and lodging expenses paid as representatives of CAC.

Additional Amendment: To cover additional expenses not included in the amended Budget Amendment #1 of the *morning* session, a new amendment was needed to include: 1) additional money for Board PMA participation; 2) *seed money* for the 2015 Avocado Congress investigation; 3) GeoSpatial Partners for two years' work accomplished in the first year of their 5-year contract; and 4) allotment for additional salary requirements of a replacement hire with higher expertise for needed activities.

Board discussion followed, whereby it was noted that this round of amendments should only include actions the Board creates by itself which require *new* money from Reserves; but that CAC management can make decisions *within* the budget for the fiscal year.

A Motion was offered by Ed McFadden "to supersede MOTION 11-6-16-1 of the Board's morning session with action to approve the following Revised Budget Amendment #1 requiring new money from Reserves for:

- 1) \$6,000 for Board Members Travel, Lodging, Mileage, Meals;***
- 2) \$40,000 for Coalition Dues, Sponsorship & Reports;***
- 3) \$20,000 for Board Members Travel, Lodging, Mileage, Meals; and***
- 4) \$20,000 for World Avocado Congress Planning."***

(McFadden/Lamb) MSC Unanimous

MOTION 11-6-16-6

The total expenditure of *new* money is \$86,000 *combined* from the morning and afternoon Board sessions, all of which will come from Reserves.

A copy of Budget Amendment #1 - Amendment Approved by the Board in the Morning session and the Amendment Proposed to the Board in the Afternoon session is attached to the permanent copy of these Minutes and identified as EXHIBIT G.

ITEM #8 PRODUCTION RESEARCH REPORT

Consider Approval of Prioritized Initiatives to Achieve Strategic Imperatives – Item 8.A. Action Item

PRC Chairman Shane Tucker explained that the research strategic planning incorporated five imperatives; three would be addressed today: productivity, critical mass and quality. The other two imperatives were to set up the PRC and grower education. The RFP (Request for Concept Proposal) Draft Requirements will be used to draw up the RFP's and the proposed timeline is September when actual research proposals will be presented. Consensus would be needed today to move forward with the RFP.

Production Research Director, Dr. Jonathan Dixon, presented the *Draft Requirements* that he had drawn up as a guideline for the RFP's, noting specifics in these five elements:

- Avocado Growing Systems
- Avocado Industry Harvest Strategy
- Evaluation and Development of New Germplasm Strategy
- Expectations of Quality Strategy
- Industry Pest Management (in collaboration with John Burr)

He further noted:

- The Draft Requirements document was originally derived from the PRC meeting on January 19, 2011, which began the outline of imperatives and then the impediments.
- Aspects of the program have changed; thus the Draft Requirements document was made broad for deliverables and outcomes so that no one would be prohibited from presenting ideas.
- Interest in people collaborating
- Open thinking is encouraged.
- Incumbent upon the researchers to respond as to what they know and what they are trying to find out.
- Cutting across all the draft requirements is *Grower Education*; how can we get information out to growers in the implementation phase of research results and measure success? Outreach suggestions will be welcomed.
- Would like to see some activity in this year's budget. However, we want to apply some flexibility to odd-season requests for consideration and support.
- The Process Map for Technical Investment, showing where CAC is in Phase II. (Ex. I)

At the most recent PRC meeting the committee discussed and made changes to provide the Board with a document of what the Board would like to have accomplished and align it with the business plan for 2011-12. The next step will be to issue a call for Concept Proposals which will then be discussed with researchers; the PRC will then report back to the Board with its recommendations of which Concept Proposals to support.

There was further Board discussion and questions regarding category placement of “disease” in the draft document, along with an addition of “how to plant trees” in Section “A” of *Industry Growing Systems*.

Action to move forward with the RFP was offered:

A Motion was made by Ohannes Karaoghlanian “to have CAC staff take the list of requirements (EXHIBIT H) and draft the request for concept proposals (RFP’s).” (Karaoghlanian/McFadden)MSC Unanimous MOTION 11-6-16-7

Dr. Dixon explained that his primary focus had been looking *forward* at research; he will now look backward at what has been accomplished and summarize his ongoing process. It was noted that past research studies can be read in the California Avocado Society’s annual yearbooks or on Reuben Hofshi’s website, Avocadosource.com.

Mr. Wolk requested that the PRC analyze who should be involved in CAC educational outreach to industry people in addition to growers, e.g. grove managers and field people.

The *Draft Requirement of California Avocado Industry Growing Systems*, dated May 2011, is identified as EXHIBIT H.

The *Process Map for Technical Investment by the California Avocado Commission* is identified as EXHIBIT I.

ITEM #9 CONSIDER ESTABLISHING A PASSWORD-PROTECTED SECTION OF THE GROWER WEBSITE

Information Item

Mr. Hofshi brought this issue to the Board, stating that a requirement for information access only to growers would protect researchers’ sensitive information, especially if there is a grower ID. The purpose is to give researchers more confidence, although it is not fool-proof.

Board discussion ensued with comments:

- Is a password-protected section of the grower website legal? Mr. Wolk said he never interpreted it as *illegal* but if someone outside the growing community were to file for information through a Public Records Act request, CAC would have to provide the information.
- CAC currently has no mechanism for protecting information posted on the web. This is a valid issue, but total cost may be prohibitive. How much sensitive data are we talking about? That knowledge would provide information to justify the cost of a password ID.
- Would it be prudent to set up a File Transfer Protocol (FTP) site and give users an opportunity to access in that manner? The idea is not to stonewall any grower asking for information, but it may not be prudent to post everything on the internet.
- By publishing, is a researcher under threat? We need to be sensitive to the researcher’s needs.

- Have staff look at the total picture and see if there are alternatives to a password-protected area on the web site.

General consensus was that CAC staff will research all the options and bring to the Board a recommendation on how to protect sensitive information. It was suggested that staff post only what is prudent and necessary.

ITEM #10 HASS AVOCADO BOARD (HAB) REPORT

Information Item

Jose Luis Obregón, Managing Director of the HAB, reported:

- The HAB Producer Election Ballots had already been mailed when a mistake was noted.
- Revised HAB Producer Ballots will be mailed; the previous ballot is not valid.
- An extension to the voting period is being given to compensate for the lag in correction time.

ITEM #11 CONSIDER VIDEO SURVEILLANCE OPTION FOR THEFT PREVENTION

Information Item

Dwayne Neverman, a southern grove owner, presented a video surveillance system idea for avocado theft prevention in the De Luz Basin. He and grove manager Len Francis collaborated to develop a day-night surveillance camera system for seven strategic locations:

- The benefit: a minimization of the time between recording suspicious vehicles and getting that information to the sheriff, who is supportive of this concept.
- Volunteers would be needed to monitor recorded images each morning and download/email suspicious activity immediately to the sheriff's deputies to pursue.
- Total budget for equipment and power sources would be under \$50,000.
- It was suggested that the De Luz homeowners associations be contacted for their possible interest in this project.

Discussion ensued and the Board raised various questions about the proposed effort. Mr. Wolk asked if anyone wished to offer a motion to approve \$50,000 to initiate the video surveillance project. No motion was offered.

The Video Surveillance System for Avocado Theft Prevention in De Luz Basin, dated June 16, 2011, is included in the Board Packet, Item 11, 1-10.

Return To Chairman's Report - Joint CAC/CAS Committee To Study Involvement In 2015 World Avocado Congress

Ohannes Karaoghlanian, Reuben Hofshi and Bradley Miles had volunteered, at today's morning session, to serve as CAC representatives on the combined CAS/CAC 2015 World Avocado Congress Committee. Confirmation for CAC representatives was requested.

A Motion was offered by Ed McFadden “to approve the following CAC Board members to serve on the combined CAS/CAC 2015 World Avocado Congress Committee: Reuben Hofshi, Bradley Miles and Ohannes Karaoghlanian.”
(McFadden/Holtz) USC Unanimous **MOTION 11-6-16-8**

In addition to the three approved Board volunteers, Mr. Bellamore will appoint one staff person to work with the committee.

ITEM #12 OPPORTUNITY FOR PUBLIC COMMENT

Information Item

Lengthy discussion ensued regarding the preliminary steps leading up to a HAB Strategic Planning meeting. Pro's and Con's of not having the CAC president involved in laying the groundwork for the meeting were laid out for the concerned Board members by Mr. Wolk, who explained the background in the politically charged components of the meeting. He apologized for not notifying the Board of his decision, but there was not time to convene a CAC Board meeting; instead, he did not feel comfortable sending the CAC president to a preliminary meeting involving only the paid staff of CAC and the HAB importer associations.

Mr. Bellamore reminded that his position is that of the California growers; he then explained the facts of his involvement in the HAB strategic planning process through a telephone interview with the HAB consultant, Kerry Tucker of Nuffer, Smith, Tucker whereby Mr. Tucker solicited his views on HAB issues and its future.

Mr. Bellamore stressed that it was never CAC's intent to refuse participation in the HAB strategic planning process. It was simply the Chairman's position that the participants should primarily be the CAC Board members from the onset of the process. CAC/HAB Board member Bauwens expressed that Mr. Bellamore's clarifications were very helpful in understanding the issues and, had he known earlier, he would have initiated discussion at the HAB Board meeting last week.

HAB Managing Director Obregon reported the current status of the HAB strategic plan is on *standby* pending a change in the approach. The next step is to go into the next planning session with whoever wishes to participate.

Mr. Holtz asked if the Board could discuss this issue in a closed session. The Board must recognize the assault against the HAB Law; an overwhelming vote on the HAB side would be detrimental to CAC. In response, Mr. Bellamore said the assumption is that the HAB Law, when it was written with California in control relative to the number of directors and counting referendum votes, is still valid.

ADJOURN MEETING

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With no further business, Mr. Wolk adjourned the CAC Board meeting at 3:30 p.m. The next Board meeting will be held on Thursday, August 18, 2011 in the CAC board room located at 12 Mauchly, Suite L, Irvine, California 92618.

Respectfully submitted,

Betty Bohrk

I certify that the above is a true statement of the Minutes of June 16, 2011, approved by the CAC Board of Directors on August 18, 2011.

Ed McFadden, CAC Board Secretary

EXHIBITS

A copy of the June 16, 2011 Board Packet, in its entirety, is attached to the permanent copy of these Minutes and identified as EXHIBIT A.

A copy of Budget Amendment # 1, dated June 16, 2011, is attached to the permanent copy of these Minutes and identified as EXHIBIT B.

Copies of the CAC Strategic Plan 2010-2020 and the 2011-12 Business Planning Cycle are attached to the permanent copy of these Minutes and identified as EXHIBITS C and D.

Copies of the June Marketing Report in its entirety, and the Key Performance Indicators, updated June 13, 2011 are attached to the permanent copy of these Minutes and identified as EXHIBITS E and F.

A copy of Budget Amendment #1 - Amendment Approved by the Board in the Morning session and the Amendment Proposed to the Board in the Afternoon session is attached to the permanent copy of these Minutes and identified as EXHIBIT G.

Copies of the Draft Requirement of California Avocado Industry Growing Systems, May 2011 and the Process Map for Technical Investment by the CAC are attached to the permanent copy of these Minutes and identified as EXHIBITS H and I.