

**CALIFORNIA AVOCADO COMMISSION  
BOARD MEETING MINUTES  
August 18, 2011**

A meeting of the California Avocado Commission (CAC) Board was held on Thursday, August 18, 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  
Ed McFadden  
Bradley Miles  
Doug O'Hara  
Tom Pecht  
Andria Pontello,  
Public Member  
Steve Taft  
Shane Tucker  
Bob Witt (Alt. Lucy)  
Charley Wolk  
Jim Donovan,  
ex-officio HAB Chairman

**MEMBERS ABSENT**

Bob Lucy  
Gary Woodworth

**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  
John Lamb  
Joanne Robles  
Bob Schaar  
Nick Stehly, Jr.  
Bob Witt

**ALTERNATES ABSENT**

Ernie Arana  
Keith Reeder  
Rick Shade  
Donna Singmaster  
Jerome Stehly  
Jim Swoboda  
San Vaccaro

**OFFICIALLY PRESENT**

Veronica Douglass, USDA/AMS  
Dennis Manderfield, CDFA  
Jose Luis Obregón, HAB  
Mark Weinfeld, DGWB

**GUESTS PRESENT**

Chris Ambuul  
Betty Bohrk  
Mike Browne  
Wayne Brydon  
Lily Cline  
Veronica Espinoza  
Austin Gavin  
Doug Koegeboehn  
John Kotake  
James McCormac  
Marji Morrow  
Steven Muro  
Gwen Peterson  
Larry Rose  
Scott Scarbrough  
Bill Steed  
Carol Steed  
Mauricio Tapia

**ITEM #1 CALL TO ORDER**

Roll Call/Establish Quorum- Item 1.A.

Charley Wolk, CAC Chairman, called the meeting to order at 9:10 a.m. with a quorum present.

Introductions – Item 1.B.

Jim Donovan, HAB Chairman and CAC ex-officio Board member, was noted in attendance along with HAB Board Member, Mike Browne.

**ITEM #2 CONSENT CALENDAR**

Action Item

Mr. Wolk asked for questions or comments regarding the Consent Calendar items.

- A. Consider Approval of Board of Directors' Meeting Minutes of June 16, 2011
- B. Consider Approval of Board of Directors' Meeting Minutes of August 1, 2011

Hearing none, the following Motion was offered:

***A Motion was made by Ed McFadden “to approve both sets of Minutes.”  
(McFadden/O’Hara) MSC Unanimous                      MOTION 11-8-18-1***

*Note: The Consent Calendar consists of the following items that are included in the August 2011 Board Packet: as EXHIBIT A), 2.A, 1-14 and 2.B, 1-7.*

**ITEM #3 COMMITTEE REPORTS**

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

Action Item

*i. Consider Funding Level for HAB Fall Promotion*

Bob Witt reported that at the July 12, 2011 MAC teleconference meeting the committee decided to extend the last radio flight for an extra week in August to continue the strength of the avocado market. There was \$200,000 in CAC's 2010-11 Consumer Advertising budget on hold for the Hass Avocado Board's *Fall Promotion*. The cost for the additional week of CAC's radio was \$198,305. Unspent funds in the CAC marketing budget of \$178,540 would offset most of this cost. The balance of \$19,765 could be taken from the *HAB Fall Promotion* line item of \$200,000 that CAC had committed -- the Board's choice would be to fulfill CAC's commitment by approving the expenditure of \$19,765 from CAC Reserves or reduce CAC's funding of the *HAB Fall Promotion*. If CAC were to reduce its commitment, HAB would need to go back to the other *Fall Promotion* participating countries and decide which programs to delete.

Following discussion a Motion was offered:

**Ben Holtz moved “to fulfill CAC’s \$200,000 commitment to the HAB Fall Promotion, the CAC Board of Directors approves the requested expenditure of \$19,765 from CAC Reserves.”**

**(Holtz/O’Hara) MSC Unanimous**

**MOTION 11-8-18-2**

Consider Funding Level for HAB Fall Promotion is included in the Board Packet as Item 3.A.i1, i2.

Good Agricultural Practices (GAP) Committee – Item 3.B.  
Action Item

1. Consider Approval of Good Agricultural Practices and Good Harvesting Practices Manuals

GAP Committee Chairman Scott Bauwens reported his committee had met on July 26, 2011 and again revised down the manuals, noting that a lot of hard work and grower involvement had gone into the lengthy process. The committee, in order to prepare avocado specific manuals, had to fundamentally pull away from the Leafy Greens manual that Primus and Davis preferred.

CAC Director of Issues Management Ken Melban has been working with the federal side and the manuals now meet all standards of the USDA. He has also scheduled two audits and informational assessments with growers to put the manuals to the test. Mr. Bauwens noted that any significant changes after the testing period would be brought before the Board.

Discussion followed with comments:

- When the manuals prepared by the industry and certified by USDA are accepted by the growers, the standards will be set and retail will accept; retail *wants* standards down to the grower level.
- With the elements of the GAP Committee solidifying the program for avocados, USDA being more grower friendly, and growers approving the program, retail should not be a problem..However, it would be safer to *test* with a retailer what we are unveiling.
- These GAP/GHP manuals are now certified by the USDA as the standards for good agricultural practices down to the farm level. Growers will follow the manuals; packinghouses can work with retailers in their acceptance of standards for certified fruit.
- You can choose the *grove* certifier, but the committee recommends USDA or CDFA. Chains sometimes require Davis Fresh or Primus Labs to certify fruit.

**Motion was made by Ed McFadden “to approve the drafts of Good Agricultural Practices (GAP) and Good Harvesting Practices (GHP) manuals.”**

**(McFadden/Carbone) MSC Unanimous**

**MOTION 11-8-18-3**

Chairman Bauwens commended his committee and Ken Melban for their hard work in compiling the manuals.

John Lamb suggested that the manuals be printed in *Spanish* as well as in *English*.

The Consider Approval of Good Agricultural Practices (GAP) is included in the Board Packet as Item 3.B.i-1; the GAP and GHP Manuals are separate and identified as EXHIBIT B, 1-2.

Production Research Committee – Item 3.C.

Action Item

i. Consider Approval of International Alternate Bearing Project

Dr. Jonathan Dixon, Production Research Director, reported on the Avocado Research Consortium meeting of August 2011. The Consortium Board consists of international collaboration with the following group that makes decisions regarding the project or recommendations to each of its country groups. A decision to recommend a project or to proceed must be unanimous or vetoed by each board member:

California – Tom Bellamore, CAC President  
Mexico – Jose Armando Lopez Orduna, APEAM President  
Australia – Antony Allen, CEO Avocado Australia  
New Zealand – Jen Scholar, CEO Avocado Industry Council

The Project Technical Advisory Group reports to the Consortium Board; it reviews proposals and recommends to the Consortium Board but does not have authority to approve any projects:

California – Jonathan Dixon, CAC Research Program Director  
Mexico – Ramon Paz Vega, APEAM  
Australia – Simon Newett, Queensland DEEPI  
New Zealand – Henry Pak, Avocado Industry Council  
Independent Researcher – Tony Whiley

On September 8, during the 2011 World Avocado Congress (WAC) in Cairns, Australia, the Project Technical Advisory Group will meet to review the second round presentations of proposals for the Alternate Bearing Project. To date three applications have been received: 1) *Plant and Food Research*, multi-country Australia, New Zealand, California, Spain and Chile; 2) *University of California Riverside (UCR)* led by Harley Smith in collaboration with Israel; and 3) Carol Lovatt, UCR, California in collaboration with Mexico. Each proposal has significant merit and is an in-depth investigation of alternate bearing with practical applications for growers.

To clarify questions raised in previous board meetings regarding ARC project funding, Dr. Dixon presented an example process map of how monies, from all participating countries, would potentially be collected and allocated annually through contracts with the Australian HAL and AAL organizations, service agreements with the research country organizations, and then on to research agreements with the researchers. He also defined the monies each proposing project was requesting over a three-to-five-year

period; specifically, the monies requested by California researcher for alternate bearing research done in California. The ultimate purpose of this project will be to get the results from the research disseminated to the grower community. Discussion of risks, challenges and benefits took place, with the consensus being that this is the best way to get the alternate bearing research accomplished, by bringing in top scientists with their many ideas, and that it would greatly benefit the California industry.

The Memorandum of Understanding (MOU) had previously been approved by CAC and Mr. Bellamore will sign it during the upcoming congress. CAC is committed; trust is paramount for all parties involved.

Mr. Wolk stated that, hearing no motion to disapprove of moving forward with the Alternate Bearing Project, the meeting would move on to the next item.

The Avocado Research Consortium August 2011 International Alternate Bearing Project presentation in its entirety is identified as EXHIBIT C.

Progress of PRC Committee  
Information Item

Shane Tucker, PRC Chairman, reported that the request for research proposals (RFP) had been accomplished and the RFP's are due back to CAC on September 2, 2011. The PRC will evaluate the proposals at its meeting early in October and communicate with the Board soon after. Formulation of the research program will be presented for approval in the forthcoming budget process. He also noted the PRC will meet next week to formulate outreach programs to disseminate research knowledge to the industry in a usable format. Anyone interested was requested to attend the meeting or email Mr. Tucker or Dr. Dixon.

World Avocado Congress 2015 Task Force – Item 3-D  
Information Item

Taskmaster Bradley Miles met with his 2015 WAC Task Force on August 1, 2011, following the special Board meeting, to determine the required promotional materials and budget for the 2015 bidding process at the 2011 WAC. The group had also decided the 2015 WAC venue should be in Santa Barbara.

April Aymami, Industry Affairs Manager presented the CAC/CAS 2015 WAC bidding promotional activities that will be used to hopefully win the 2015 bid at the 2011 WAC in Australia. A "California for 2015" information booth will be manned by CAC and CAS attendees to promote California as the venue to hold the next WAC. The CAC *Greensheet* newsletter is currently asking for volunteers who will be attending the 2011 WAC to speak to the attendees at the California booth.

The complete presentation of 2015 WAC promotional activities is identified as EXHIBIT D.

#### **ITEM #4 TREASURER'S REPORT**

##### **Finance Committee Report – Item 4.A.& B. Financial and Crop Information Item**

Treasurer Ben Holtz reported that the Finance Committee met this morning, noting that August began the committee's three-month budget discussion, resulting in preliminary and final 2011-12 budget and assessment rate recommendations to the Board in September and October respectively; the Board will set the assessment rate in October.

The committee discussed several topics, including:

- Reserves at the end of this season are now estimated between \$8.1 million to \$8.4 million. The higher reserves are mainly due to higher prices which contributed to higher CAC assessment revenues.
- Historically high year-end Reserves could partially be invested; objectives of investments would be – in order of priority - safety of principal, liquidity and return on investment.
- Crop volume harvested through July 31 is 239 million pounds which includes the 15 million pound carry-over from the last crop year; consensus is that 30 to 40 million pounds are yet to be harvested, which would bring the total crop to an estimated 269 to 279 million pounds, including the carry-over. That estimate could still be low.
- Securing comfortable Reserves of \$3.0 million to \$4.0 million and lowering the CAC assessment from 1.6% to 1.3%.

Aria Lukman, Finance and Accounting Manager, noted one correction in Item 4B-8: the title should read "October 2010 through June 2011."

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

#### **ITEM #5 PRESIDENT'S REPORT**

##### **Information Items**

President Tom Bellamore first gave recognition to several outstanding individuals:

- Philip Gilligan, one of the largest industry stakeholders with groves in Bonsall and Oceanside, passed away on August 14, 2011; services will be held on August 22, 2011 at Mission San Luis Rey. In his long tenure with the industry, he was always involved with CAC and also served on the Avocado Inspection Committee (AIC). Bellamore noted that Mr. Gilligan became a close confidant during the recent restructuring of the Commission..
- Robert Brownson, Arroyo Grande, California, passed away on July 31, 2011. He was the key administrator in CAC's previous Los Angeles advertising agency, DMB&B.
- Staff members, Aria Lukman, April Aymami and Zachary Benedict, who presented for the first time to growers at a series of district meetings held in early August.
- Donella Boreham will be leaving the Avocado Inspection Program (AIP) on August 30, 2011. As a long-time employee of the CDFA, she has done a remarkable job working with all industry parties as a liaison to the CDFA. In the many letters CAC received from

growers and packers, Ms. Boreham was dedicated to enforcing the Code while protecting confidentiality of the parties involved.

***Mr. Karaoghlanian offered a Motion “to present Donella with a plaque in recognition of her many years of dedicated service to the avocado industry.”***  
***(Karaoghlanian/Hofshi) MSC Unanimous***                      **MOTION 11-8-18-4**

Mr. Bellamore also announced that the lease on CAC’s former office location, 38 Discovery, Irvine, has expired and the sub-lease tenants are out. The offices have been restored to their former condition at a below-budgeted cost. Bellamore noted that the office relocation one and a half years ago wound up saving CAC \$130,000 in overhead.

Action Item

Consider Approval of 2011-12 Business Plan Objectives and Strategies – Item 5.A.

Mr. Bellamore next reviewed long term strategies that will drive the single year marketing plan for 2011-12. Relatively minor adjustments continue to be made but the strategies and objectives still serve the Commission well. A question and answer period followed with excerpts:

- Retail sales vs. California avocado sales: Between retail scan data and source timing information from the field we can put together performance information. Work continues on developing the GTIN labels for additional data.
- Revised mission statement “*To maximize grower returns by maintaining premium brand positioning for California avocados and improving grower sustainability*”: Revised a year ago and talked about it at that time. Staff is always open to opinions about it being a proper statement to lead the organization.
- 4<sup>th</sup> of July Promotions: CAC plans to step up our promotional efforts for the 4<sup>th</sup> of July since it is the height of the avocado season in California and there is great value in doing so. CAC will continue promotions for Cinco de Mayo and other holiday promotional periods.
- Page 7, Objective 2, Consumer Strategies, “*Differentiate California Avocados from other sources of supply*”: Pg 7 –CAC wants to make sure consumers know when California Avocados are available so they will proactively request and purchase them.  
Page 8, Objective 3, Consumer Strategies, “*Enhance California avocado leadership position in the produce industry.*” Are there other alternatives? We want to maintain a strong leadership position within the industry as the resource for avocado information, as well as in trade and consumer promotion.
- Page 9, CAC Priority No. 2, Performance Measures, “Reduce the cost of growing avocados by 5% by 2020 (compared to a 2010 cost-per-pound baseline.)”:
- Where is baseline in 2012? The same baseline was in last year’s planning. It is something over time that you look at and you could argue the year, but 2010 was the birth of the new strategic planning. It was suggested to substitute “TBD” for 2010 since the PRC will come up with a measurement of timelines on research. It is a living document used as a placeholder for making it happen.
- Water Costs and Labor Shortages: It was suggested these be studied.

At the September Board meeting a business plan will be presented and the Board will review the tactics.

The CAC Strategic Plan 2010-2020 is identified as EXHIBIT E.

Legislative Update – Item 5.B.  
Information Item

Mr. Bellamore reported that State Assembly Bill 914, which requires five years of data to conduct redistricting and authorizes collection of data for grove identification purposes, is moving through the legislative process. The Bill is on the Senate floor and should be signed by the Governor in a week.

Teleconference Meeting Requirements under the Bagley-Keene Open Meeting Act – Item 5.C.  
Information Item

Meetings of the CAC are governed by the Bagley-Keene Open Meeting Act, California Government Code 11120-11121, which generally requires that all aspects of the decision making process by a multi-member state body be conducted in public.

Teleconferencing has been expressed by some as a “slippery slope” if the rules are stretched in any way. Mr. Bellamore has discussed with Mr. Manderfield, CAC’s CDFA representative, the Bagley-Keene meeting requirements that would apply to teleconferencing, which state:

- Each teleconference location must be identified in the notice of the meeting and must be accessible to the public. (A member cannot participate from their car using a cell phone. If the member participates from home, their home must be open to the public for the duration of the meeting.)
- All proceedings must be audible and votes taken during a teleconference meeting must be by roll call.
- At least one member of the Commission shall be physically present at a location specified in the notice of the meeting.
- The teleconference meeting must comply with all other requirements of the Bagley-Keene Open Meeting Act.

These provisions as well as the *CDFA Alert from 2005* were put before the Board as a reminder of the meeting requirements.

Mr. Wolk reminded that if there is a need for a teleconference meeting, compliance with the rules is essential to make sure the public knows what your entity is doing, and it must be site specific.

Mr. Bellamore brought up an issue of Board attendance by teleconference which raised the question of whether or not those board members which would lead into the next agenda item of board member attendance.

Prior to moving onto the next agenda item, Ms. Veronica Douglass, USDA/AMS representative responsible for oversight of funds that CAC uses to fulfill its marketing in the U.S. with HAB fund, asked if she could make a statement on behalf of AMS and stated that she had been asked by the Deputy Administrator to read a statement regarding the Bagley-Keane Open Meeting Act (Act). She stated that AMS had a different interpretation of the state law and whether it pertained to AMS and then read the following statement (included in these minutes as EXHIBIT F):

*Earlier this month the California Avocado Commission informed USDA that due to a change in the Bagley-Keane Open Meeting Act (Act), USDA would not be able to participate in CAC's meetings by phone, but would only be able to call in as a courtesy and would have to mute the line.*

*AMS office of General Counsel's opinion in this matter is that the Bagley-Keane Open Meeting Act was intended to provide guidance to the members of State programs when conducting business and it does not apply to USDA employees conducting oversight over the Federal program. When reading the Act in its entirety, it is clear that the requirements are for State program members. USDA representatives are not members of the State program.*

*Further, USDA utilizes new technologies such as conference calls in its desire to keep user fee costs low. The cost to send a USDA employee to California for a one day meeting is billed back to CAC (over \$1,000 a trip). USDA hopes to continue to conduct business in a way that meets the oversight responsibilities at the lowest cost possible.*

Mr. Wolk requested Ms. Douglass leave a copy of the statement she read so that it could be incorporated as an exhibit in the minutes. Going further Mr. Wolk asked that the USDA Office of General Counsel (OGC) provide a legal citation supporting their position, that the USDA exempt from the physical attendance requirement of the Bagley-Keane Opening Meeting Act, before the CAC board would make a final decision on this matter.

For purposes of clarification, Mr. Wolk noted there were two public access laws in California: 1) Bagley-Keane Open Meeting Act for California entities; and 2) the Brown Act that applies to other public agencies, e.g., water districts. The purpose for these laws is that the public has the right to know what public agencies are doing.

Teleconference Meeting Requirements under the Bagley-Keane Open Meeting Act and an Excerpt from the Bagley-Keen Open Meeting Act are included in the August Board Packet as Item 5.C 1-2.

Commissioner and Alternate Attendance Record – Item 5.D.

Item 5.D addresses rules for Commissioner/Alternate attendance as outlined in Commission Bylaws.

Removal from the Board is automatic if three consecutive meetings or four total meetings have been missed during a fiscal year. It was timely to remind the Board of this section of the CAC By-Laws since there had been more meetings this year than in normal years and consequently more absences.

Board discussion followed and the following points were offered:

- Mr. Manderfield, CDFA, explained that some of the state commissions/boards place priority on commissioners attendance and do not see alternates responsibility as critical. However, alternates *must* be up to speed on board issues.
- Staff could rewrite the By-Laws but it does not change the current By-Laws we are operating under. If there is no action taken today, *all* delinquent members are off the Board; if there is action today to waive the penalties for *all* delinquents, they remain on the Board.
- All Board members are volunteers and the Board drives important issues in the industry; if the intent is to drop delinquent members, there could be a big deficit on the Board.
- It is difficult to get enough volunteers from the North; penalizing absences would further deter their participation.

Mr. Bellamore explained that the Board has the ability to decide if it wants to direct staff to come back with language clarifying the By-Laws, or if the By-Laws should remain as they are currently stated.

***It was moved by Mr. Karaoghlanian "to review and vote on the Board attendance collectively so no one is singled out."***

***(Karaoghlanian/Holtz) MSC Unanimous***

**MOTION 11-8-18-5**

Mr. Karaoghlanian's Motion was clarified as voting for either *all* delinquent absentees to be removed from the Board or *all* absences be waived and delinquent absentees remain on the Board. Delinquencies causing removal from the Board were defined as missing a total of four meetings, or missing three consecutive meetings.

Following further discussion:

***Mr. Pecht moved "to 1) excuse Board meeting absences this term year under the current rules; 2) instruct staff to rewrite the By-Laws language to clarify points of absence; and 3) bring back the revised By-Laws to the Board at a future meeting." (Pecht/Taft) MS Discussion***

*Call for the Question to end discussion and to vote was Unanimous.*

The Board Chairman did not vote; Commissioner Woodworth and his Alternate Vaccaro were absent from the vote.

***VOTE: The Motion carried with 11 yea, 2 nay (O'Hara, Tucker) MOTION 11-8-18-6***

It was noted that an elected seat on the Board brings a commitment by both Commissioners and Alternates to attend all meetings. Suggestions were made that: 1)

fewer mandatory Board meetings during the year be discussed by CAC staff and Board; 2) an excuse policy be discussed; and 3) there be notification to the absentee members following a missed Board meeting to advise them of meeting policy and how many meetings they have missed.

Discussion can be held at a future meeting when staff brings its recommendations to the Board.

The Commissioner and Alternate Attendance Record Summary and the actual 2010-11 Board Attendance Record are included in the Board Packet as Item 5.D-1,2.

### **ADJOURN FOR LUNCH**

The Chairman adjourned the Board for lunch at 11:50 p.m. and reconvened the Board meeting at 12:30 pm.

### **ITEM # 6 CHAIRMAN'S REPORT**

Consider Approval of Water Pricing Action Plan – Item 6.A.

#### Action Item

Water pricing has been aggravated by water quality and recent supply reductions. Mr. Bellamore worked with Golin Harris and Malcolm Pirnie/Arcadis to devise a strategy for a fixed price of water; the full plan with milestones is attached to Item 6 in the Board Packet.

Mr. Wolk summarized the action plan noting that if urban users are to pay more so agriculture can survive, the thought process is that the avocado industry would have to carry the message forward to urban water users, e.g. “if the price of agricultural water is raised, the produce costs will be higher – do you as urban consumers want that?”

Mr. Bellamore elaborated further on the plan but noted that the consultant’s estimate of the probability of success is low. Fixing the price of water at a lifetime rate would likely be difficult to achieve. He noted that working with local water boards has yielded some success.

The Board discussed many factors involved in the water issue and its cost/benefit for the avocado growers. The counterpart to spending money to achieve a fixed water price would be to solve the productivity problem, e.g. using a good rootstock like VC 801 to produce salt tolerant trees cheaper that would save water by not leaching the salt; or spending the money to improve water quality. It was noted in conclusion that whatever is done should benefit the entire industry.

***Ed McFadden made a Motion “to take no action on this Water Pricing Action Plan at this time.”***

***(McFadden/Pecht) MSC 12 yea, 1 nay (Ben Holtz)***

**MOTION 11-8-18-7**

In conclusion, Mr. Wolk said the consensus was to bring back more information to the Board on this water issue, e.g., look at water rates in all the growing regions in the state. Economic benefits of agriculture could also be refreshed from those CAC already has. However, the Water budget is down to \$30,000; at some point by September it would have to be increased, possibly with the Industry Affairs budget absorbing some of the outsourcing costs. Staff is too stretched to take on the rate survey project. Conclusion: Gather *information* on the water rate analysis now but not the economic benefit update.

Consider Approval of Water Pricing Action Plan and the Water Pricing Action Plan, August 2011 are included in the Board Packet as Item 6.A, 1-13

HAB Strategic Planning – Item 6.B.

Mr. Wolk began referring to letters included in the Board Packet and explained that HAB has requested that CAC participate in a HAB strategic planning meeting to discuss the future of HAB. At this point HAB Chairman Jim Donovan spoke and corrected this statement, indicating that the meeting was not to discuss the future of HAB, but rather to discuss the future of the category in a generic way. Mr. Wolk acknowledge this correction and stated that the CAC Board needed to consider how it would like to participate, as the HAB letter requested that CAC send no more than five participants to take part in the planning meeting.

Mr. Tucker raised a question as to the level of commitment required from participants. Mr. Donovan spoke up, stating that there would be one, two-day strategic planning meeting. Mr. Donovan went further to state that they were looking for participation from each of the of the HAB stakeholders, and that there would be no more than five delegates from each country and a facilitator, with potential follow-up in six to 12 months since strategic planning is an ongoing process.

Mr. Karaoghlanian then asked what the expectations of the meeting would be. Again Mr. Donovan answered, noting that the joint meeting purpose would be to discuss the future of the avocado category in a generic manner, e.g., where is the category going in five years from now, e.g., an increase in imports, growing, nutrition research? Group discussion lead into whether the composition of the HAB Board or changing the HAB Law would be on the agenda for this strategic planning meeting and Mr. Donovan stated that while discussion may come up regarding such topic, that that was not the purpose of the meeting.

Discussion regarding CAC's participation in the planning meeting ensued with a consensus that CAC needed to be at the table to discuss the future of the Hass category, but that the board needed to decide who would participate on behalf of CAC. It was clarified that HAB was looking for non-staff, industry stakeholders for participation in the meeting. Executive staff members would be present at the meeting for support, if needed.

Mr. Wolk addressed the group stating that there was never an intention for CAC not to participate in the HAB strategic planning meeting, but that there is concern that issues requiring a change in the HAB law might be discussed and that the CAC participants should be informed of the history and be prepared to answer. Mr. Wolk went on to discuss the current composition of the HAB Board, reasoning behind the way the HAB Law was written and activities that have taken place since HAB's creation. He went further stating that he believed the CAC Board should give the five participants direction on how to respond to questions that may be raised in the HAB meeting regarding the current HAB Board composition or changes to the HAB Law.

Mr. Donovan spoke up questioning Mr. Wolk as to whether that decision needed to be made at that moment. Mr. Donovan stated that he envisioned that if those subjects did come up during the planning meeting, that each of the participants would need to go back to their respective associations to discuss any action step proposed. He went further to state that sending stakeholders into the meeting with preconceived decisions and or ideas is unnecessary. The purpose of formalizing the strategic planning meeting was because the previous informal discussions, to try to get the industry communicating, were not working. Continuing he stated that if one of the action steps from the meeting happened to be proposed changes to the HAB Law, that the participants present would bring that back to CAC for a full discussion, but to decide how to respond now, without allowing participants the time to full discuss that issue, wouldn't benefit California.

There was in-depth board discussion on this issue and the consensus was that the CAC Board did not need to take a position on the issue and that participants would attend the meeting and report back to the CAC Board all items discussed.

***Mr. O'Hara made a Motion "to have the Board choose five (5) people to attend the HAB Strategic Planning meeting."***

***(O'Hara/McFadden) MSC Unanimous***

**MOTION 11-8-18-8**

The CAC Board decided that the CAC Chairman should attend and then asked for volunteers from the CAC Board for the four remaining seats. Volunteers included; Doug O'Hara, Ohannes Karaoghlanian, Bob Schaar, Ben Holtz, Ed McFadden and Scott Bauwens. The board decided that Scott Bauwens would attend as a handler representative and then voted on the other five volunteers to fill the remaining three seats. Official tally of results are included in these minutes as EXHIBIT G.

Final results of CAC Board stakeholders to attend the HAB Strategy Meeting are as follows: Growers: Ed McFadden, Bob Schaar and Doug O'Hara; Handler Scott Bauwens; CAC Board Chairman Charley Wolk. CAC President Bellamore will attend at the meeting on the sidelines.

Dates for the meeting will be determined by HAB.

The HAB Strategic Planning summary and the June 21, 2011 letter from HAB Chairman Jim Donovan to CAC Chairman Charley Wolk are included in the Board Packet, Item 6.B, 1-2.

## **ITEM # 7 MARKETING REPORT**

### Trends Affecting the California Avocado Industry - Item 7.A. Information Item

Vice-President of Marketing, Jan DeLyser noted the Dashboard of Key Performance Indicators for CAC's marketing programs was in the Board packet for review.

She introduced Mark Weinfeld, DGWB Agency chief strategist and the Trends presentation. She said that the industry's handlers had viewed the presentation via a Webinar presentation earlier in the week.

Mr. Weinfeld explained that research is used for showing a snapshot of past results, whereas trends provide near future thinking which is helpful in planning CAC's marketing campaigns. His presentation highlighted;

- Economic Trends covering consumer confidence in produce in spite of rising prices; supporting the California's premium brand positioning
- U.S. Demographic Trends that show a gender shift in shopping and cooking with more male involvement
- Trends in Sustainability, e.g. consumer demand for sustainable products, fair-trade products, and participation in sustainable efforts; the implication for CAC is that consumers are still enamored with the people who grow their food
- Food Trends Related to Growing: eating healthy – eating foods the way “Mother Nature” intended; backyard gardens and patronizing farmers' markets; limiting processed foods; mini-sized portions are on the upswing at foodservice and retail levels – all with implications for CAC because “it doesn't get any “realer” than an avocado.

He also noted that Technology does impact consumer behavior – 59% of smart phone owners used them when shopping; group buying has increased with daily deals via email and deals for shoppers via their smart phones. The implication for CAC is that shopper marketing is critical.

A question and answer session followed Mr. Weinfeld's presentation. There was interest in food safety issues that continue to surface (the industry is doing a better job with traceability now) and in the impact of the current volatile economy (in spite of consumer caution, the increasing demand for avocados versus supply is driving prices upward.)

### Program Performance Measures Using the Dashboard Tool – Item 7.B.

Ms. DeLyser noted the Key Performance Indicators that are included with the Board Packet. They highlight information through August 16, 2011 on crop movement and revenue measurements; retail sales and volume; consumer and retail activities, and avocado research facts on perception versus reality.

CAC Key Performance Indicators, updated August 16, 2011, is included as EXHIBIT H; the DGWB Agency presentation, Consumer Trends, August 2011, is included as EXHIBIT I.

### **ITEM #8 HASS AVOCADO BOARD (HAB) REPORT**

#### Information Item

Jose Luis Obregón, Managing Director of the HAB noted appreciation for the CAC's support on fall promotion that will run from September through December. All four HAB groups (CAC, HAB, MHAIA, CAIA) will be participating this year.

### **ITEM #9 OPPORTUNITY FOR PUBLIC COMMENT**

#### 2011 WAC (from morning Item 3.D.)

Mr. O'Hara asked to revisit discussion from the morning Board session regarding 2011 WAC attendance to promote the bid for California as the 2015 WAC host. He suggested that CAC Commissioner Bradley Miles should be included since he is the Taskmaster of the WAC Taskforce and there are sufficient funds allocated for 2015 WAC promotion to allow for an additional promotional person to attend. Following discussion, this Motion was offered:

***Mr. O'Hara moved "that Bradley Miles, as Taskmaster of the 2015 WAC Committee, be sent to the 2011 WAC to promote California as the host for the 2015 WAC."***

***(O'Hara/McFadden) MSC Unanimous***

**MOTION 11-8-18-9**

#### IPM Manual

Mr. Holtz noted the Integrated Pest Manual (IPM) for avocados has significant information for the industry. It is published by the University of California and the Agricultural Natural Resources (ANR); the on-line cost to order a copy is \$35.00.

#### Official Attendee at Next HAB Meeting

Ms. Douglass commented that Bob Keeney, USDA Department of Food and Agriculture Administrator, will be in attendance at the next HAB meeting on Thursday, September 29, 2011 at the HAB board room located at 230 Commerce, Suite 190, Irvine, CA 92602.

### **ADJOURN MEETING**

With no further business, Mr. Wolk adjourned the CAC Board meeting at 3:10 p.m. The next Board meeting will be held on Wednesday, September 28, 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 August 18, 2011, approved by the CAC Board of Directors on September 28, 2011.

---

Ed McFadden, CAC Board Secretary

### **EXHIBITS**

A copy of the August 18, 2011 Board Packet, in its entirety, is attached to the permanent copy of these Minutes and identified as EXHIBIT A.

Copies of the Good Agricultural Practices Manual and the Good Harvesting Practices Manual are attached to the permanent copy of these Minutes and identified as EXHIBIT B, 1-2.

A copy of the Avocado Research Consortium August 2011 - International Alternate Bearing Project is attached to the permanent copy of these Minutes and identified as EXHIBIT C.

A copy of the 2015 WAC Promotional Activities are attached to the permanent copy of these Minutes and identified as EXHIBIT D.

A copy of the CAC Strategic Plan 2010-2020 is attached to the permanent copy of these Minutes and identified as EXHIBIT E.

A copy of the AMS statement regarding USDA compliance with the Bagley- Keane Open Meeting Act is attached to the permanent copy of these Minutes and identified as EXHIBIT F.

A copy of the Official Vote Tally for Board Participation at the HAB Strategic Planning Meeting is attached to the permanent copy of these Minutes and identified as EXHIBIT G.

A copy of the Dashboard Tool – Key Performance Indicators updated August 16, 2011, is attached to the permanent copy of these Minutes and identified as EXHIBIT H.

A copy of DGWB's presentation of Consumer Trends, August 2011, is attached in its entirety to the permanent copy of these Minutes and identified as EXHIBIT I.