

**CALIFORNIA AVOCADO COMMISSION
EXECUTIVE COMMITTEE MINUTES
December 20, 2010**

A meeting of the Executive Committee of the California Avocado Commission (CAC) was held on Monday, December 20, 2010 at 10:00 a.m. at the CAC headquarters in Irvine, California, with the following people present:

MEMBERS PRESENT

Charley Wolk, Chairman
Ohannes Karaoghlanian, Vice Chair
Ben Holtz, Treasurer (*via conference call*)
Ed McFadden, Secretary

GUESTS PRESENT

Gary Woodworth

GOVERNMENT PRESENT

None

MEMBERS ABSENT

STAFF PRESENT

April Aymami
Tom Bellamore
Jan DeLyser
Jonathan Dixon
Aria Lukman

CALL TO ORDER

Chairman Charley Wolk called the meeting to order at 10:05 a.m. with a quorum present.

Chairman Wolk acknowledged that Gary Woodworth was in attendance and wanted to address the committee. The Executive Committee agreed to Mr. Woodworth's request to move the opportunity for public comment to the first item on the agenda.

PUBLIC COMMENT

Mr. Woodworth requested that CAC make an effort to elicit grower feedback regarding the direction of CAC's production research program the prior to the January 2011 Research Strategy Meeting. After discussion by the Executive Committee and CAC staff, consensus was reached to send an email to growers in the CAC database explaining the upcoming Strategy Meeting and allowing growers to email their feedback on the process to CAC. CAC staff would then distribute all responses received to the Board of Directors and Alternates prior to the January 19 Strategy Meeting.

DISCUSSION OF INTERNAL CONTROL POLICY AND PROCEDURES

Cash Disbursement Authorization

Chairman Wolk began by explaining to the Executive Committee that CAC staff has been sending all invoices of \$7,500 or more to the Chairman, Vice Chairman and Treasurer for approval prior to issuing payment for the invoice. President Tom Bellamore explained that this cash disbursement authorization had been a policy up until June 21, 2010, however the practice of sending the invoices for approval continued beyond the expiration of the policy since CAC Treasurer, Ben Holtz, had expressed interest in seeing them. Chairman Wolk explained that he is not diminishing the need for board oversight in this area; however, the current practice is not an efficient use of staff time.

The Executive Committee discussed the approval process and came to consensus that, since there is no longer a policy in place requiring approval of expenditures over \$7,500 prior to payment, CAC staff, in the standard course of processing invoices, will scan all expenditures and will at that time make them available to Mr. Holtz for review only and not approval. Mr. Karaoghlanian expressed interest in receiving the same documents.

Employee Credit Cards (P-Cards)

Chairman Wolk explained that during the course of reviewing expenditures, as outlined above, it came to his attention that CAC staff was required to use personal credit cards to pay for travel expenses while on CAC business. Chairman Wolk suggested that company credit cards should be reinstated, at the discretion of the President, for employee use of travel expenses while on CAC business.

Discussion ensued regarding the pros and cons of company credit cards. Aria Lukman, CAC Finance and Accounting Manager, stated that the California Department of Food and Agriculture (CDFA) will conduct audits of company credit cards, and that certain guidelines exist as to what a company card can be used for. In general the committee was opposed to issuing company cards to employees, however, they requested that staff review the types of company cards available to CAC and bring forth a plan for the implementation of a company credit card program for further review by the Executive Committee. The program would need to review current policy on company credit cards and modify as necessary to ensure proper oversight was in place to avoid misuse and abuse.

President's Timecard

As an informational item only, Chairman Wolk wanted to bring to the committee's attention the fact that currently the CAC President is required to submit timesheets and requests for time off to the Chairman for approval. It is Chairman Wolk's position that 1) the President shouldn't be required to complete a timesheet; 2) CAC should trust the President enough to know he will properly document hours; and 3) timesheets get to the Chairman after the fact and is basically just a shuffling of papers. Chairman Wolk made clear that the President has made no objection to documenting work hours or changing the system presently in place.

Ohannes Karaoghlanian understood where Chairman Wolk was coming from, but wanted to ensure that things did not go back to the "old ways." It was agreed that Mr. Bellamore would continue to complete timesheets and requests for time off using CAC's online timesheet system, however they would not go to Chairman Wolk for approval, but would remain on file for record purposes.

SCHEDULE FOR ANNUAL MEETINGS

Due to correspondence from Executive Committee members regarding the dates of the upcoming CAC annual meetings, Chairman Wolk felt it necessary to place the item on the agenda and discuss as a group. Mr. Bellamore explained that in the past CAC held only two annual meetings in January; one north and one south. However, based on input received from industry members, in 2010 CAC made the decision to conduct the annual meetings in April, after the annual report was released and to increase to four meetings; two north and two south, allowing for better attendance. After the 2010 meetings, CAC

staff received extremely positive feedback on the new meeting formats and locations, and decided to continue the same four meeting schedule for 2011.

Committee members discussed the downside of having four meetings in one week, and that it makes it difficult for Executive Committee members to attend all meetings. Chairman Wolk stated that there was no expectation for all members of the Executive Committee to attend all four annual meetings, however, that he as Chairman would be in attendance at all four. In the end, the committee came to the consensus to move forward with four meeting annual meeting format that CAC staff had proposed.

UPDATE ON CENTRAL COAST AG WAIVER

Chairman Wolk noted that the Central Coast Regional Water Quality Control Board continues to work on its Draft Conditional Waiver of Waste Discharge Requirements for Discharges from Irrigated Lands. A second draft of the Waiver was released on November 19, 2010. In general, most avocado growers are more favorably situated under the second draft Waiver. CAC staff have been working on public comment, due by January 3, 2011, and discussion was underway about arranging a meeting with the Regional Board's Executive Officer in January 2011.

GAP PROJECT UPDATE

Chairman Wolk asked President Bellamore to give a brief update on the status of the GAP project. Mr. Bellamore explained that the GAP Committee had met on December 8, 2010 and had an extensive discussion on the latest version of the GAP manual. Staff is in the process of incorporating the Committee's comments and the manual, along with a full report, will be brought forward to the Board in January 2011.

JANUARY 19 RESEARCH STRATEGY MEETING

With the January 2011 Research Strategy Meeting approaching, Chairman Wolk presented an update to the committee regarding recent developments. Chairman Wolk explained that any discussion of research project funding would be excluded from the meeting, as that is not the purpose. The meeting would be geared towards establishing high level strategy, goals, objectives and framework. Chairman Wolk stated that CAC was looking into contracting with a third party facilitator who was removed from the current production research system. The facilitator is qualified by virtue of location and technical experience. The meeting would need to be held at an offsite facility in order to accommodate the public, as well as enough space for smaller break out group discussions.

Chairman Wolk also stated that he had met with the Dean at University of California, Riverside (UCR) regarding the current status of CAC's production research program and he was comfortable with the steps CAC was taking and supportive of the process.

CLOSED SESSION

Chairman Wolk called a closed session to discuss whether to initiate litigation in connection with the CDFA Audit #08-082 – Pursuant to Section 11126(e)(1) of the California Government Code.

RETURN TO OPEN SESSION

The Executive Committee returned to open session at 1:10 p.m. Chairman Wolk announced that the Executive Committee instructed President Bellamore to request additional information from the Commission's attorney of record and insurance broker.

ADJOURN

The Executive Committee agreed to adjourn the meeting.

Chairman Wolk adjourned the meeting at 1:12 p.m.

Respectfully submitted,

Ed McFadden, CAC Board Secretary