

**CALIFORNIA AVOCADO COMMISSION
FINANCE COMMITTEE MINUTES
JUNE 16, 2011**

A meeting of the Finance Committee of the California Avocado Commission (CAC) was held on Thursday, June 16, 2011 at 8:15 a.m. at CAC Conference Room in Irvine, California, with the following people present:

MEMBERS PRESENT

Ben Holtz, Chairman
Bob Schaar
Doug O'Hara
Gene Carbone
John Lamb
Keith Reeder
Ron Araiza

GOVERNMENT PRESENT

Dennis Manderfield
Veronica Douglas (on the phone)

STAFF PRESENT

Tom Bellamore
Jan DeLyser
April Aymami
Kathlyn Ho
Aria Lukman

MEMBERS ABSENT

Gary Woodworth

GUESTS PRESENT

CALL TO ORDER

Finance Committee Chairman Holtz called the meeting to order at 8:15 a.m. with a quorum present.

MINUTES

The Committee approved the following minutes:

MOTION: *The Finance Committee approves the May 19, 2011 Finance Committee Meeting Minutes as presented. (Lamb/Carbone) Unanimous*

2010-11 FINANCIAL UPDATES

The Committee discussed about the higher prices of California avocados this year and how they would affect the net reserves of the Commission. Using the statistics from 2006-07 and 2008-09, staff forecasted that the prices this year would average between \$1.50 and \$1.60 a pound for all varieties and sizes. If that turns out to be the case, the Commission expects its year-end net reserves to be higher than the \$6.2 million originally projected. Mr. Carbone offered his projection which forecasted the average price at \$1.42 a pound and \$1.4 million in additional revenue.

Based on handlers' assessment reports and staff estimation, a total of 100.6 million pounds of this year's crop—or 40% of the 253 million pounds projected for the whole year—have been harvested through May. The Committee discussed the crop size and agreed that the 253-million-pound crop projection seemed reasonable.

Mr. Lamb inquired about the rate of return on the Commission's money market investment and suggested that staff check with Farm Credit West regarding their investment options. Mr. Lukman said the current return was 0.35% and that he would research the investment options Farm Credit West had.

REPORT ON HANDLER ASSESSMENT AUDIT

Mr. Lukman reported that auditors from Macias Gini and O'Connell had completed an audit on ten handlers to ensure the accuracy and completeness of their fiscal year 2009-10 assessment reporting and payment. A summary of their findings is attached to the permanent copy of these Minutes as part of the Finance Committee handout and identified as Exhibit A.

The Committee discussed various aspects of the handler assessment audit, including the cost and benefit of auditing small handlers. Responding to Mr. O'Hara's questions, Mr. Lukman explained that even though the cost of auditing small handlers would be higher than the potential assessment collected, it's still important to do the audit on those small handlers to send the message out to the small-handler community that they're required to accurately report their assessments regardless of their size.

Mr. Lamb suggested that staff explore the possibility of having a joint handler assessment audit with the Hass Avocado Board for cost efficiency.

BUDGET AMENDMENT No. 1

Mr. Lukman presented the budget amendment, which is attached to the permanent copy of these Minutes as part of the Finance Committee handout and identified as Exhibit A.

Several Committee members questioned the need for amending several budget items that are not requiring new money from reserves. Mr. Carbone stated that budgets and projections were estimates, and that variances were expected as long as the bottom line budgets were still met. After further discussion, the Committee decided to approve only the amendments authorized by board prior actions (i.e. World Avocado Congress, Avocado Brainstorming Meeting, and Ventura Agricultural Museum) totaling \$46,000. Other amendment line items (i.e. revenues corrections, merchandising, crop forecasting and analysis, and salaries) were accepted as informational items only. The Committee considered the following motion.

MOTION: *The Finance Committee recommends that the Board approve Budget Amendment No.1 as modified. (Carbone/Lamb) Unanimous*

Final draft Budget Amendment No. 1 as modified is attached to the permanent copy of these Minutes and identified as Exhibit B.

Mr. O'Hara suggested that staff supplement the satellite imagery analysis with ground-truthing activities. Mr. Bellamore confirmed that staff was investigating a new Geographical Information System (GIS) web portal for growers that would make it possible for growers to assist directly in the acreage inventory process.

CASH DISBURSEMENT AUDIT

Mr. Holtz announced to the Committee that a list of cash disbursements was attached to the Finance Committee handout and encouraged the Committee members to send their inquiries on any items on the list to staff.

PUBLIC COMMENT

None.

The Finance Committee handout is attached to the permanent copy of these Minutes and identified as Exhibit A.

ADJOURN

Chairman Holtz adjourned the meeting at 9:10 a.m.

Respectfully submitted,

Aria Lukman, Finance & Accounting Manager