

**CALIFORNIA AVOCADO COMMISSION
FINANCE COMMITTEE MINUTES
SEPTEMBER 16, 2010**

A meeting of the Finance Committee of the California Avocado Commission (CAC) was held on Thursday, September 16, 2010 at 8:00 a.m. at California Avocado Commission (CAC) Conference Room in Irvine, California, with the following people present:

MEMBERS PRESENT

Ben Holtz, Chairman
Ed McFadden
Donna Singmaster
Gary Woodworth
John Lamb
Ohannes Karaoghlanian

GOVERNMENT PRESENT

Dennis Manderfield

STAFF PRESENT

Tom Bellamore
Aria Lukman
Jan DeLyser
Jonathan Dixon

MEMBERS ABSENT

Gene Carbone

GUESTS PRESENT

Don Reeder
Bob Schaar

CALL TO ORDER

Finance Committee Chairman Holtz called the meeting to order at 8:00 a.m. with a quorum present.

MINUTES

The Committee approved the following minutes:

MOTION: *The Finance Committee approves the Aug 19, 2010 Committee Minutes as presented. (McFadden/Woodworth) Unanimous*

2009-10 FINANCIAL UPDATES

Mr. Lukman presented an updated financial projection and estimates, which projected a higher total crop volume (490 million lbs.) and a higher average price (75 cents) for September and October and estimated an unspent budget of approximately \$732,500. Ending reserves were projected at \$7.2 million. The updated Revenue & Reserves Projection & Analysis is attached to the permanent copy of these Minutes.

Chairman Holtz discussed a few expense accounts that were significantly under spent, i.e. Board Members' District Meetings and Industry Affairs accounts. Chairman Holtz suggested that fellow commissioners start using the budget to hold district meetings. Mr. Bellamore offered explanation for the large variance in the Industry Affairs department. First, two new Industry Affairs staff members did not join CAC until the second quarter and therefore some planned activities could not be executed. Second, some amounts were

budgeted for contingent events that did not occur this year. Mr. Bellamore also promised that staff would do a better job in budgeting next year.

CAPITALIZATION POLICY

Chairman Holtz opened the discussion about CAC's capitalization policy and asked the Committee if the current threshold of \$5,000 needed to be changed. After discussion on the topic, the Committee unanimously approved the following motion:

MOTION: *The Finance Committee instructed staff to raise the capitalization threshold to \$10,000. (McFadden/Singmaster) Unanimous*

OPENING OF A NEW INVESTMENT ACCOUNT

Mr. Lukman explained that, at the last Board meeting, the Board had instructed staff to investigate if the proposed account had any restrictions on withdrawals. Staff contacted the bank and received a confirmation that the account was considered a savings account and therefore would not have any restriction on withdrawals. After discussing it, the Committee decided to recommend that the Board give staff authorization to open the new bank account.

MOTION: *The Finance Committee recommended that the Board authorize staff to open the Wells Fargo Business Premium Market Account for Public Funds. (McFadden/Singmaster) Unanimous*

RENEWAL OF LINE OF CREDIT

After discussion about CAC's line of credit with Wells Fargo bank, the Committee approved the following motion.

MOTION: *The Finance Committee recommended that the Board authorize staff to renew CAC's line of credit with Wells Fargo, with no up-front fee. (Singmaster /McFadden) Unanimous*

2010-11 BUDGET AND ASSESSMENT RATE

Mr. Bellamore presented a proposal on the budget and assessment rate for fiscal year 2010-11. He explained that in determining the proposed assessment rate, staff sought a number that would work not just for 2010-11 but also for the next few years. Staff felt that stabilizing CAC assessment rate would give growers some certainty on one component of their total cost and hopefully help growers plan and conduct their business. Staff found that 1.65% was an assessment rate that would generate enough revenue to run CAC 2010-11 programs and a rate that appeared sustainable in the next few years.

The Committee discussed various scenarios on the price, total crop volume and assessment rate. Mr. Holtz expressed his optimism that based on historical data and the

current market performance, growers could see a farm-gate price of \$1.20 per pound next year. Considering competition from imports, some Committee members believed that the \$1 price was a conservative and therefore an appropriate projection for budgeting purposes. Ms. Singmaster argued that creating a price premium for California avocados was what CAC's program were designed to do and therefore a higher price should be expected, even with competition.

After the discussion, the Committee was offered the following motion.

MOTION: *The Finance Committee recommended that the Board accept the proposed 1.65% preliminary assessment rate. (McFadden/ Karaoghlanian) MSC with one nay vote (Woodworth)*

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 9:15 a.m.

Respectfully submitted,

Aria Lukman, Finance & Accounting Manager