

**CALIFORNIA AVOCADO COMMISSION  
BOARD MEETING MINUTES  
August 15, 2019**

A meeting of the California Avocado Commission (CAC) Board was held on Thursday, August 15, 2019 at the CAC office, 12 Mauchly, Suite L, Irvine, CA 92618, with the following people present:

**MEMBERS PRESENT**

Gary Caloroso  
Jason Cole  
Salvador Dominguez  
Randy Douglas (Cobb Alt.)  
Rob Grether  
Jessica Hunter  
John Lamb  
Ed McFadden  
Ryan Rochefort  
Bob Schaar (Karaoghlanian Alt.)  
Peter Shore  
Charley Wolk

**ALTERNATES PRESENT**

Bryce Bannatyne  
Michael Perricone  
John Lloyd-Butler

**MEMBERS ABSENT**

Tyler Cobb  
Ohannes Karaoghlanian  
Daniella Malfitano

**ALTERNATES ABSENT**

Neil Witt

**STAFF PRESENT**

Monica Arnett  
April Aymami  
Tom Bellamore  
Zac Benedict  
David Cruz  
Jan DeLyser  
Angela Fraser  
Ken Melban  
Tim Spann  
Connie Stukenberg

**OFFICIALLY PRESENT**

Katie Cook, USDA  
Kathleen Johnson, PJ/PR  
Ben Kardokus, CDFA  
Kim Kurata, Kurata Comm.  
Marji Morrow, Rockwell Morrow  
Steven Muro, Fusion Mktg.  
Andrea Ricci, USDA

**GUESTS PRESENT**

Valerie Ferguson  
Candace Hollar  
John McGuigan  
Mike Mobley  
Doug O'Hara  
Rick Shade  
Brittney Theriault  
Rebecca Wojicki

**ITEM #1 CALL TO ORDER**

**Roll Call/Establish Quorum – Item 1.A.**

John Lamb, CAC chairman, called the meeting to order at 9:05 a.m. with a quorum present.

**Introductions – Item 1.B.**

Mr. Lamb introduced Ben Kardokus, with the California Department of Food and Agriculture (CDFA) and Andrea Ricci and Katie Cook of the United States Department of Agriculture (USDA).

**ITEM # 2 OPPORTUNITY FOR PUBLIC COMMENT**

There was no public comment.

**ITEM # 3 CONSENT CALENDAR**

Mr. Lamb introduced the consent calendar items and asked for questions or comments. Hearing none, the following motion was put forward:

***MOTION:***

***The CAC Board of Directors approves the Consent Calendar, Items 3.A through 3.D.***

***(McFadden/Cole) MSC Unanimous***

**MOTION 19-8-15-1**

The Consent Calendar is included in the August 2019 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Items 3.A through 3.D.

**ITEM #4 CONSIDER APPROVAL OF BYLAWS CHANGE – *Two Thirds Vote Required for Passage***

Tom Bellamore, CAC president, called the Board's attention to the redline changes to the Bylaws included as Item 4 of the Board Packet. He provided an overview of the Governance Committee's recommended changes to the CAC Bylaws, including clarification of how votes, quorums and abstentions are counted, as well as slight modifications to the duties of the Executive and Finance Committees to better align with current practice.

**MOTION:**

***The CAC Board of Directors moves to approve the revised Bylaws as presented.***

***(McFadden/Douglas) MSC Unanimous***

**MOTION 19-8-15-2**

The Revised CAC Bylaws are included in the August 2019 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 4.

**ITEM #5 TREASURER'S REPORT**

*2019-20 Preliminary Budget and Assessment Rate – Item 5.A.*

Rob Grether, CAC treasurer, gave a summary of the recent Finance Committee meeting which included an update on the financial impact of the grower exemption, a review of cash disbursements and recommended updates to the board expense form format. He stated that the Finance Committee had recommended to CAC management that the existing policy of allowing 12 months for board expense report submissions be revised to require all board expense report submissions to occur within the same fiscal year. Mr. Grether noted that the Finance Committee had spent the majority of their meeting reviewing CAC's current financial situation and management's proposed 2019-20 budget, both of which would be covered in detail during the President's Report.

**ITEM #6 PRESIDENT'S REPORT**

*Updated Strategic Priorities and Draft Business Plan Objectives and Strategies – Item 6.B*

Mr. Bellamore provided the Board with a handout of the top-end of the 2019-20 Business Plan, consisting of strategic priorities and draft business plan objectives and strategies. He encouraged the Board to review the information and provide feedback to management prior to the October Board meeting, as this document is used as direction to build out the details of the business plan.

The CAC 2019-20 Business Plan Strategic Priorities and Draft Business Plan Objectives and Strategies handout is attached to the permanent copy of these Minutes and identified as EXHIBIT B.

*2019-20 Planning – Preliminary Budget and Assessment Scenarios – Item 6.A*

Mr. Bellamore and Monica Arnett, CAC director of finance and administration, presented CAC's current financial position and projected 2018-19 ending reserve balance of \$12.4 million, reflecting an increase of over \$4 million from initial projections of \$8.5 million. Ms. Arnett explained that the increase in ending reserve balance was a direct result of crop volume exceeding projections by 40 million pounds, along with value coming in 50-cents greater than budgeted.

Mr. Bellamore stated that management's starting position for development of the 2019-20 CAC budget and business plan was based on a 365-million-pound crop at a value of \$1.15 and a level assessment rate of 2.3-percent. Management's recommendation generates an estimated \$16.6 million in revenues, \$16 million in expenses and \$13 million ending reserve balance. Mr. Bellamore indicated that the volume of 365 million pounds was being used as a starting point for discussions now and would be fine-tuned following the September crop meetings.

The Board discussed various crop volume and revenue scenarios, including a review of the 2-year budget analysis through 2022. There was discussion surrounding the high reserves balance, with support for a healthy reserves balance to assist with management transition and succession on the horizon, but also comments that the Board should exercise caution to ensure the reserve balance carried is not excessive. There was Board support for the large percentage of the budget proposed to be allocated for marketing (nearly 70 percent). Both management and Board will gather more information and bring back to the October meeting where the 2019-20 budget, business plan and assessment rate will be finalized.

The CAC 2019-20 Planning – Preliminary Budget and Assessment Scenarios presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT C.

Consider PRC Recommendation Regarding Pine Tree Ranch Grove Management Contract – Item 6.C

Mr. Bellamore reported that CAC had issued a request for proposals (RFP) for grove management services at Pine Tree Ranch (PTR) and had received two submissions for consideration. He noted that while the Production Research Committee (PRC) had already reviewed and made a recommendation to the board, as outlined in Item 6.C of the August Board packet, he wanted to provide the Board the opportunity to review and discuss further. Mr. Bellamore stated that Doug O'Hara with Somis Pacific and Mike Mobley with Progressive Land Management, the two companies who had responded to the RFP, were present during the meeting to answer any questions the Board may have.

Tim Spann, CAC research program director, provided an overview of the RFP document which outlined the current projects at PTR, services requested from a grove manager and process that was used by the PRC to evaluate submissions.

The Board discussed the two submissions, as well as the PRC's methodology for their recommendation to award Progressive Land Management the PTR grove management contract. There was concern over the variance between the budgets submitted by the two companies, specifically that Progressive Land Management's was significantly higher than Somis Pacific's. The Board directed CAC staff to develop a budget template and request that both companies provide their estimated costs in the same format so that the Board could evaluate the budgets equally, prior to making a final decision.

Mr. Lamb stated that this item would be brought back to the Board in October for a final decision on which firm would be selected for the Pine Tree Ranch grove management contract.

The Pine Tree Ranch RFP, Submissions and PRC Recommendation are included in the August 2019 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 6.C.

Renewal of Building Lease – Item 6.D

Mr. Bellamore stated that the lease for the CAC office located at 12 Mauchly, Suite L in Irvine was set to expire at the end of November. He reported that management had been in negotiations with the landlord for a 5-year lease renewal. Ms. Arnett commented that she had reviewed comps and CAC was still getting a great rate for the building and was working on building tenant improvements into the lease renewal. She noted the lease rate would most likely see a moderate increase for a 5-year extension.

**MOTION:**

**The CAC Board of Directors directs staff to continue negotiations on a 5-year lease renewal for the CAC office located at 12 Mauchly, Suite L, Irvine, CA 92618.**

**(McFadden/Schaar) MSC Unanimous**

**MOTION 19-8-15-3**

## **ITEM #7 CHAIRMAN'S REPORT**

### USDA Secretary Sonny Perdue Visit – Item 7.A.

Mr. Lamb reported that representatives from CAC including himself, Mr. Grether, Mr. Bellamore and Ken Melban, CAC vice president of industry affairs, had the opportunity to meet with USDA Secretary Sonny Perdue in an Escondido avocado grove on his recent visit to California. Mr. Bellamore noted that the opportunity came in at the 11<sup>th</sup> hour directly to Mr. Melban as a result of the connections made when Mr. Lamb and Mr. Melban had previously met with the Secretary in Washington D.C. Mr. Lamb stated that the group was able to meet privately with Secretary Perdue for 45 minutes to discuss issues of importance to the industry including labor, water, trade, access to China and pests.

During Board discussion, a comment was made that CAC needs to keep a close eye on the H2-A program and monitor it very closely to ensure that a superficial change isn't made that is then claimed to have "fixed it." Mr. Bellamore assured the Board that CAC management was engaged and monitoring the situation closely and would be making comments on the proposed rule.

The USDA Secretary Sonny Perdue Visit presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT D.

### Summit Update – Item 7.B.

Mr. Lamb stated that at a previous CAC Board meeting it had been reported that CAC was attempting to convene a summit of representatives from importing countries to discuss HAB and possible changes to HAB rebate percentage. He said that this meeting would no longer take place.

### Santa Barbara Ag Adjacency Issue – Item 7.C.

Mr. Melban provided an overview of the Santa Barbara County ag adjacency issue, highlighting the root of the issue being the potential for applications of products to avocado groves to be linked to residues found on adjacent crops, crops which have no tolerance levels set for these products. Rick Shade, Santa Barbara County avocado grower, further explained the issue through photographs showing the limitations for avocado groves to apply much needed products for management of pests, based on their adjacency to these crops. He noted that affected groups are assembling and meeting, with more ag commodity groups becoming involved. Mr. Bellamore indicated that CAC had been involved in these discussions, behind the scenes, through facilitation of connecting the right people.

The Santa Barbara County Ag Adjacency presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT E.

## **ITEM #8 MARKETING REPORT**

### Retail and Foodservice Program Update – Item 8.A.

Jan DeLyser, CAC vice president marketing, introduced members from CAC's retail and foodservice teams to provide an update of the 2018-19 activities that had been completed with the goal of keeping California avocados top of mind with CAC's targeted customers.

The retail and foodservice program update presentation included details of the 2018-19 retail promotions, Orange County Fair partnership, retail influencer communications, retail tiered-account monitoring, retail trade advertising, trade public relations, foodservice chain promotions, foodservice menu education and ideation sessions, foodservice events, foodservice advertising and foodservice public relations.

Ms. DeLyser also called the Board's attention to the marketing dashboard report included as a handout for season-to-date key performance indicators.

The *Retail & Foodservice Marketing Update* presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT F.

The *California Avocado Commission Dashboard, Through July 2019* is attached to the permanent copy of these Minutes and identified as EXHIBIT G.

*Waze Promotion – Item 8.B.*

Zac Benedict, CAC online marketing director, reported that following the May 2019 Board and crop meetings, indicating additional volume would be harvested into July and August, CAC entered into a test promotion with Waze. The retail promotion, which informed Waze users of the retailers, along their navigation route, that were carrying California avocados and provided them with the option to reroute their navigation to include a stop by that retailer. Mr. Benedict stated that the test promotion was largely successful with the retail navigation option performing eight times stronger than Waze's benchmark. He noted that the cost of the test promotion was \$25,000 and took place during the month of July.

The *Waze Promotion* presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT H.

*World Avocado Organization & California Avocado Events*

Ms. DeLyser stated that over the summer a few new opportunities had been presented to CAC, the Michelin Star Event and World Avocado Cup Regatta. She noted that while these events had not been part of the original business plan, CAC management saw value in the events which were being conducted in California, during California avocado season, and secured CAC's participation and presence at these events. Ms. DeLyser presented photographs of the events, noting that the California avocado logo received high visibility during media coverage of the World Avocado Cup Regatta.

The *World Avocado Organization & California Avocado Events* presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT I.

Mr. Bellamore announced that Connie Stukenberg, CAC retail marketing director, would be moving to Arizona and leaving the Commission after the season ended. He thanked her for her many years of service to CAC and the California avocado industry. Ms. Stukenberg thanked Mr. Bellamore and said she felt privileged to have been part of the CAC merchandising team all these years.

**ADJOURN FOR LUNCH**

Mr. Lamb adjourned the Board for lunch at 11:55 a.m. and reconvened the meeting at 12:40 p.m.

**ITEM #9 INDUSTRY AFFAIRS REPORT**

*Election Update – Item 9.A.*

April Aymami, CAC industry affairs director, called the Board's attention to the 2019 General Election Update handout which outlined the names of the declared candidates for the upcoming election. She noted that many seats still did not have declared candidates and reminded the Board that nominations for CAC's 2019 General Election were due by August 26, 2019 and to be sure to submit the necessary paperwork if they were running for reelection.

The *2019 General Election Update* handout is attached to the permanent copy of these Minutes and identified as EXHIBIT J.

Timing of Exemption Letters – Item 9.B.

Ms. Aymami informed the Board that the *Determination of 2019-20 CAC Exemption Status* letters would be mailed out on September 9, 2019. She noted that if any growers had questions regarding their determination, they should contact CAC within 30 days, after which determinations would be finalized and sent to handlers prior to the start of the 2019-20 fiscal year.

**ITEM #10 PRODUCTION RESEARCH REPORT**

Committee Meeting Summary and Preliminary Budget for FY 2019-20 – Item 10.A.

Mr. Spann called the Board's attention to the summary write-up of the recent Production Research Committee (PRC) meeting included in the Board packet. He reported that the PRC had recommended continuation of funding for Dr. Michailides work on branch canker, funding Dr. Manosalva's scion breeding work not to exceed \$300,000, funding Dr. Bean to screen herbicides for use on avocado and award of the PTR grove management contract to Progressive Land Management. Mr. Spann stated that 2019-20 proposed budget was also included as informational and would be incorporated into the business plan that would be presented to the Board for approval in October. He noted that while the budget was modest, he felt comfortable with where the production research program is today, knowing that all research is grower driven and funding is targeted to the needs of the industry.

The Committee Meeting Summary and Preliminary Budget for FY 2019-20 write-up is included in the August 2019 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 10.A.

**ADJOURN MEETING**

Mr. Lamb adjourned the meeting at 1:05 p.m. The next Board meeting will be held on Wednesday, October 9, 2019 in Irvine, California.

Respectfully submitted,

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April Aymami, CAC Industry Affairs Director

I certify that the above is a true statement of the Minutes of August 15, 2019 approved by the CAC Board of Directors on October 9, 2019.

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Jessica Hunter, CAC Board Secretary

**EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES**

- EXHIBIT A August 2019 Board Packet
- EXHIBIT B CAC 2019-20 Business Plan Strategic Priorities and Draft Business Plan Objectives and Strategies Handout
- EXHIBIT C CAC 2019-20 Planning – Preliminary Budget and Assessment Scenarios Presentation
- EXHIBIT D USDA Secretary Sonny Perdue Visit Presentation
- EXHIBIT E Santa Barbara County Ag Adjacency Presentation
- EXHIBIT F Retail & Foodservice Marketing Update Presentation
- EXHIBIT G California Avocado Commission Dashboard, Through July 2019
- EXHIBIT H Waze Promotion Presentation
- EXHIBIT I World Avocado Organization & California Avocado Events Presentation
- EXHIBIT J 2019 General Election Update Handout
- EXHIBIT K August 15, 2019 Board Meeting AB 2720 Roll Call Vote Tally Summary



**CALIFORNIA AVOCADO COMMISSION**

**AB 2720 Roll Call Vote Tally Summary**

*To be attached to the Meeting Minutes*

<b>Meeting Name:</b> <i>California Avocado Commission Regular Board Meeting</i>	<b>Meeting Location:</b> <i>California Avocado Commission 12 Mauchly, Suite L Irvine, CA 92618</i>	<b>Meeting Date:</b> <i>August 15, 2019</i>
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<b><i>Attendees Who Voted</i></b>	<b><u>MOTION</u> <u>19-8-15-1</u></b>	<b><u>MOTION</u> <u>19-8-15-2</u></b>	<b><u>MOTION</u> <u>19-8-15-3</u></b>
Mike Perricone (Rocheport Alt.)	Yea		
Ryan Rocheport	Not Present	Yea	Yea
Jessica Hunter	Yea	Yea	Yea
Bob Schaar (Karaoghlanian Alt.)	Yea	Yea	Yea
Charley Wolk	Yea	Yea	Yea
Rob Grether	Yea	Yea	Yea
John Lamb	Yea	Yea	Yea
Jason Cole	Yea	Yea	Yea
Ed McFadden	Yea	Yea	Yea
Randy Douglas (Cobb Alt.)	Yea	Yea	Yea
Salvador Dominguez	Yea	Yea	Yea
Peter Shore	Yea	Yea	Yea
Gary Caloroso	Yea	Yea	Yea
Daniella Malfitano	Not Present	Not Present	Not Present
<b><i>Outcome</i></b>	<b>Unanimous</b>	<b>Unanimous</b>	<b>Unanimous</b>