

**CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
August 16, 2018**

A meeting of the California Avocado Commission (CAC) Board was held on Thursday, August 16, 2018 at the Kona Kai Resort located at 1551 Shelter Island Drive, San Diego, CA 92106, with the following people present:

MEMBERS PRESENT

Gary Caloroso
Gene Carbone
Jason Cole
Randy Douglas (Cobb Alt.)
Robert Grether
Jessica Hunter
Ohannes Karaoghlanian
John Lamb
Ed McFadden
Leo McGuire
Michael Perricone (Rocheffort Alt.)
Rick Shade

ALTERNATES PRESENT

Bryce Bannatyne
John Lloyd-Butler

MEMBERS ABSENT

Nina Ames
Tyler Cobb
Ryan Rocheffort

ALTERNATES ABSENT

Bob Schaar

STAFF PRESENT

Monica Arnett
April Aymami
Tom Bellamore
Zac Benedict
David Cruz
Jan DeLyser
Angela Fraser
Stacia Kierulff
Miriam Martinez
Ken Melban
Tim Spann
Cristina Wede

OFFICIALLY PRESENT

Marlene Betts, USDA
Casey Gudel, Land IQ
Ben Kardokus, CDFa
Joel Kimmelshue, Land IQ
John McGuigan, HAB
Marji Morrow, Rockwell Morrow
Steven Muro, Fusion Marketing

GUESTS PRESENT

Elaine Bannatyne
Wayne Brydon
Candace Hollar
Daniella Malfitano
Lori Small
Duane Urquhart
Steve Wede
Rebecca Wojcicki

ITEM #1 CALL TO ORDER

Roll Call/Establish Quorum - Item 1.A.

Rick Shade, CAC chairman, called the meeting to order at 8:30 a.m. with a quorum present.

Introductions - Item 1.B.

Mr. Shade introduced Ben Kardokus with the California Department of Food and Agriculture (CDFa), Marlene Betts with the United States Department of Agriculture (USDA), as well as John McGuigan with the Hass Avocado Board (HAB).

ITEM # 2 OPPORTUNITY FOR PUBLIC COMMENT

There was no public comment at this time.

ITEM # 3 CONSENT CALENDAR

Mr. Shade 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.C. (McFadden/Lamb) MSC Unanimous

MOTION 18-8-16-1

The Consent Calendar is included in the August 2018 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Items 3.A through 3.C.

ITEM #4 CONSIDER APPOINTMENT OF HANDLER MEMBER TO FILL EXISTING VACANCY FOR TERM ENDING OCTOBER 31, 2018

Mr. Shade reported that currently there was a vacancy on the CAC Board for a handler member, with term ending October 31, 2018. He stated that prior to the meeting, no interested parties had expressed an interest in the position and called for nominations from the floor. Gary Caloroso, current CAC Board alternate handler member, put forth his name for consideration.

MOTION:

The CAC Board of Directors appoints Gary Caloroso to the vacant Handler Member seat on the CAC Board of Directors, with term ending October 31, 2018.

(Cole/Karaoghlanian) MSC Unanimous

MOTION 18-8-16-2

It was noted that with Mr. Caloroso's move to the handler member seat, his previous alternate handler member seat, with term ending October 31, 2019, was now vacant and would be put on the agenda to be appointed at an upcoming CAC Board meeting.

ITEM #5 CONSIDER NOMINATION OF PUBLIC MEMBER FOR TERM COMMENCING NOVEMBER 1, 2018

Mr. Shade stated that CAC's current Public Member, Nina Ames, had notified CAC that she would be unable to continue serving at the end of her current term, October 31, 2018, and therefore a replacement candidate had been sought to fill the Public Member seat. Included in the Board Packet were the expression of interest and qualifications for Daniella Malfitano, chef and wellness educator, for consideration as the Public Member. Ms. Malfitano was in attendance and addressed the group and expressing her appreciation of being considered and excitement about the opportunity to serve the industry.

Mr. Shade called for additional nominations for the position of Public Member from the floor. Hearing none, the following motion was put forward:

MOTION:

The CAC Board of Directors recommends Daniella Malfitano for the seat of Public Member with term commencing November 1, 2018.

(Karaoghlanian/Caloroso) MSC Unanimous

MOTION 18-8-16-3

Ms. Malfitano's Expression of Interest and Qualifications are included in the August 2018 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 5.

ITEM #6 TREASURER'S REPORT

2018-19 Preliminary Budget and Assessment Rate – Item 6.A

Robert Grether, CAC treasurer, provided an overview of the recent Finance Committee (FC) meeting, which had included a review of CAC's current financial position, check disbursements, and current crop tracking. He noted that the FC also took a first look at 2018-19 crop projections and assessment rate scenarios, details of which would be provided during the President's Report.

ITEM #7 CHAIRMAN'S REPORT

2019 Crop Situation – Item 7.A

Mr. Shade stated that top of mind to most growers was the recent heat event in July 2018 and how it has impacted both the current and future year's crop. He provided this time on the agenda as an opportunity for Board members to share what they were seeing and hearing in their respective districts. Most of the comments indicated that it was just too early to tell definitively how the heat had impacted the 2019 crop. Many groves were hard hit, but the

damage was not consistent across an entire district or zip code. Mr. Shade noted that CAC staff would conduct crop meetings with handlers and grove managers in September, which would provide additional information for the Board to consider at their October 2018 meeting when they would finalize the budget and set the assessment rate for the 2018-19 fiscal year.

Recommend Representatives to the Hass Avocado Committee – Item 7.B

Mr. Shade reported that he had received a letter from Hass Avocado Board (HAB) Chairman Scott Bauwens requesting recommendations for CAC representatives to serve on the Hass Avocado Committee (HAC) for the one-year term beginning November 2018. It was noted that the current CAC representatives serving on the HAC were Tyler Cobb (member) and Jessica Hunter (alternate member). Mr. Shade stated that this item was being brought before the Board now as informational, and to allow the CAC Board time to consider interested parties, before recommendations would need to be finalized at the October 2018 CAC Board meeting.

Current HAC alternate member, Jessica Hunter, commented that the meetings were well run and covered a variety of topics important to the industry, including nutrition, work with the American Heart Association and global avocado markets, and expressed the importance of CAC being well represented on the HAC.

The *Letter from HAB Chairman Scott Bauwens Requesting HAC Representatives* is included in the August 2018 Board Packet as EXHIBIT A, Item 7.B.

Consider Approval of Revisions to Marketing Committee Membership – Item 7.C

Mr. Shade indicated that recently CAC had received several resignations from members of the Marketing Committee, resulting in his appointment of two new members, Andy Bruno (Westfalia) and Denise Junqueiro (Mission), to the Marketing Committee to ensure continued industry representation. The revised Marketing Committee roster, as appointed by Mr. Shade, was being presented to the Board for concurrence, per CAC Bylaws.

MOTION:

The CAC Board of Directors approves the revised Marketing Committee roster as presented.

(Grether/Cole) MSC Unanimous

MOTION 18-8-16-4

The *Revised CAC Marketing Committee Roster* is included in the August 2018 Board Packet as EXHIBIT A, Item 7.C.

ITEM #8 PRESIDENT'S REPORT

Update on the CADO Exhibit – Item 8.A

Tom Bellamore, CAC president, provided an update on The CADO exhibit, speaking candidly about the delays on the project and plans for opening in the future. The CAC Board had a robust discussion regarding the project, ending with the consensus to keep the pressure on the co-founders to get the exhibit opened for next season.

Snapshot of 2018 Planning Process – Item 8.B

Mr. Bellamore stated that following the strategic planning meeting in February and March that CAC staff and agencies begin work immediately on taking the ideas from those meetings and beginning to incorporate them into the planning for the current and future years. He said that he wanted to provide this report to demonstrate to the Board a snapshot of the deep dive that CAC staff and agencies go through during the planning process, so that the Board has a bigger picture and greater understanding of what is involved in that process.

Members of the CAC marketing staff and agencies presented the “2018-19 CAC Business Planning Discussion” which included category dynamics and demographics, trends, communication concepts, next steps and the planning cycle timeline.

Jan DeLyser, vice president marketing, called the Board’s attention to the marketing dashboard, through July 2018, included as a handout.

The 2018-19 CAC Business Planning Discussion Presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT B.

The California Avocado Commission Dashboard, Through July 2018 is attached to the permanent copy of these Minutes and identified as EXHIBIT C.

Discussion on Timing of Planning and Budgeting Process – Item 8.C

Mr. Bellamore circled back on the business plan timeline, highlighting the limited time available from the start of the fiscal year (November 1) and the need to have marketing materials ready to begin promoting the new crop as early as January 1 each year. He indicated that there are times when marketing may identify available funds in the current fiscal year that could be used to jump start development of marketing materials for the next fiscal year. Mr. Bellamore was seeking Board approval for management to tap into identified unspent funds or begin to allocate a set amount in the budget for development of future year’s marketing campaigns. There was Board consensus that management could utilize unspent funds in this way, so long as it was within the Board approved budget. Any new money or additional funding requests would continue to require Board approval of a budget amendment.

2018-19 Planning – Preliminary Budget and Assessment Scenarios – Item 8.D

Mr. Bellamore and Monica Arnett, CAC director of finance and administration, presented CAC’s current financial position and projected 2017-18 ending reserve balance reflected a decrease of \$3 million from initial projections, which was \$9.5 million. Ms. Arnett explained that the decrease in ending reserve balance was a direct result of a reduction in crop volume of 75 million pounds. Mr. Bellamore noted that earlier in the year, management had contemplated proposing an assessment rate decrease. Given the current crop situation, however, management’s proposal is to leave the assessment rate level at 2.3 percent.

Mr. Bellamore stated that management’s starting position for development of the 2018-19 CAC budget and business plan was based on a 250-million-pound crop at a value of \$1.15 and a level assessment rate of 2.3-percent. Management’s recommendation generates an estimated \$11.5 million in revenues, \$13.7 million in expenses and \$7 million ending reserve balance. Mr. Bellamore indicated that the volume of 250 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, with the consensus that it was still too early to finalize the 2018-19 crop volume at this point. There was a request that management look at the marketing budget from a small/average/above average crop volume perspective and determine a budget number required to “remain relevant” within each of those categories. Both management and Board would gather more information and bring back to the October meeting where the 2018-19 budget, business plan and assessment rate would be finalized.

Updated Strategic Priorities and Draft Business Plan Objectives and Strategies – Item 8.E

Mr. Bellamore provided the Board with a handout of the top-end of the 2018-19 Business Plan, consisting of strategic priorities and draft business plan objectives and strategies. He noted that CAC management had taken direction from the Board’s strategic planning meeting earlier in the

year which helped shape the top-end of the business plan, specifically the marketing section. Mr. Bellamore encouraged the Board to review the information and provide feedback management prior to the October Board meeting.

The CAC 2018-19 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 D.

ITEM #9 PRODUCTION RESEARCH REPORT

Tim Spann, CAC research program director, distributed an article entitled "Avocado Heat Damage Follow-up" and stated it had been sent out to the industry via the *GreenSheet* and also would be included in the upcoming issue of *From the Grove*.

The Avocado Heat Damage Follow-up Article is attached to the permanent copy of these Minutes and identified as EXHIBIT E.

Dr. Spann provided an update on the University of California, Riverside's (UCR) solicitation for partners in an effort to secure funding for their avocado scion breeding program. He reported that UCR had selected a conglomerate called "The Alliance," consisting of multiple organizations from outside the U.S., which in exchange for funding the program, will secure global rights for all future avocado scions that come out of UCR's avocado scion breeding program.

Report on Avocado Brainstorming 2018 – Item 9.C

Dr. Spann stated that a detailed report on the Avocado Brainstorming 2018 was included as a write-up in the Board Packet and provided an overview of the event. He indicated that while he found the meeting very good from a networking perspective, that management of the meeting itself could be greatly improved. Dr. Spann recommended that CAC ask for an accounting of how their sponsorship dollars were spent on the event, so that the Board can best determine CAC's potential level of funding for future Avocado Brainstorming events.

MOTION:

The CAC Board of Directors requests that CAC management request an accounting of how CAC's sponsorship dollars were spent for the Avocado Brainstorming 2018 event. (McGuire/McFadden) MSC Unanimous

MOTION 18-8-16-5

The Report on Avocado Brainstorming 2018 is included in the August 2018 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 9.C.

Project Commitments and Preliminary Budget for FY 2018-19 – Item 9.A

Production Research Committee Summary – Item 9.B

Dr. Spann reported that there were no production research project commitments beyond the current fiscal year. Over the course of the last two Production Research Committee (PRC) meetings the PRC had reviewed five proposals for potential funding, resulting in the recommendation of two new projects for funding, details of which will be included with the complete business plan and budget for Board approval in October 2018. He noted that the board packet write-up includes a summary of additional topics discussed at the recent PRC meetings, including a shot hole borer update, tissue culture and cryopreservation efforts by the Huntington Botanical Gardens and the avocado branch canker situation.

Dr. Spann stated that in addition to the items previously noted, the PRC has also discussed the current rootstock breeding program and plans for the future of the program. Many ideas had been explored, with the PRC recommending that CAC enter into discussions with UCR about the potential to purchase the full rights to promising UCR rootstock material that have not yet

been put out for testing and commercialization. Ownership rights would allow CAC complete control to move the products into full-scale trials and determine their feasibility for the California industry. There was consensus from the Board for management to initiate conversations with UCR to explore the idea of purchasing promising rootstocks.

The *Project Commitments and Preliminary Budget for FY 2018-19 and Production Research Committee Meeting Summary Report* is included in the August 2018 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Items 9.A & B.

Dr. Spann provided an update on the Decision Support Tools (DST) project, noting that the website was temporarily down while licensing rights were being finalized. It was noted that the UCR DST product had been licensed to a third-party contractor and that CAC is protected from any issues that may arise with regard to liability.

ADJOURN FOR LUNCH

Mr. Shade adjourned the Board for lunch at 12:15 p.m. and reconvened the meeting at 1:10 p.m.

OPPORTUNITY FOR PUBLIC COMMENT

Mr. Shade provided an additional period for public comment, at which point organic California avocado grower, Duane Urquhart addressed the Board. Mr. Urquhart requested that the CAC Board consider conducting a study to determine cost of production and yields per acre, by region.

ITEM #10 INDUSTRY AFFAIRS REPORT

April Aymami, CAC industry affairs director, reminded the Board that nominations for CAC's 2018 General Election were due by August 24, 2018 and to be sure to submit the necessary paperwork if they were running for reelection.

Acreage Update – Item 10.A

Ms. Aymami introduced Joel Kimmelshue and Casey Gudel of Land IQ, CAC's new contractor responsible for completing annual avocado acreage survey services. Together, Ms. Aymami and Mr. Kimmelshue presented the results of Land IQ's survey of 2016 avocado acreage, as compared with that of CAC's previous contractors. Land IQ's analysis of the 2016 avocado acreage increases CAC's current avocado acreage estimates by almost 10%, to 59,265 planted acres. As part of the presentation, a timeline was included that indicated plans to complete 2017, 2018 and 2019 avocado acreage surveys by August 2019.

The *Avocado Acreage & Classification Update Presentation* is attached to the permanent copy of these Minutes and identified as EXHIBIT F.

ITEM #11 HASS AVOCADO BOARD REPORT

John McGuigan, HAB director of industry affairs, provided an update on HAB activities, which included the following:

- Total U.S. crop volume (imported and domestic) expected to be 2.5 billion pounds, an 18-percent increase over 2017
- Next HAB Board meeting will take place on August 21, 2018 in La Jolla and Associate Deputy Director Charles Stevens would be in attendance
- HAB general elections had concluded and nominations sent to USDA; hopefully appointments will be made by USDA prior to HAB's November meeting

ADJOURN MEETING

California Avocado Commission
Board Meeting Minutes
August 16, 2018

Mr. Shade adjourned the meeting at 2:17 p.m. The next Board meeting will be held on Thursday, October 11, 2018 in Irvine, California.

Respectfully submitted,

April Aymami, CAC Industry Affairs Director

I certify that the above is a true statement of the Minutes of August 16, 2018 approved by the CAC Board of Directors on October 11, 2018.

Jessica Hunter, CAC Board Secretary

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

- EXHIBIT A August 2018 Board Packet
- EXHIBIT B 2018-19 CAC Business Planning Discussion Presentation
- EXHIBIT C California Avocado Commission Dashboard, Through July 2018
- EXHIBIT D CAC 2018-19 Business Plan Strategic Priorities and Draft Business Plan Objectives and Strategies Handout
- EXHIBIT E Avocado Heat Damage Follow-up Article
- EXHIBIT F Avocado Acreage & Classification Update Presentation
- EXHIBIT G August 16, 2018 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

Meeting Name: <i>California Avocado Commission Regular Board Meeting</i>	Meeting Location: <i>Kona Kai Resort 1551 Shelter Island Drive San Diego, CA 92106</i>	Meeting Date: <i>August 16, 2018</i>
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<i>Attendees Who Voted</i>	<u>MOTION</u> <u>18-8-16-1</u>	<u>MOTION</u> <u>18-8-16-2</u>	<u>MOTION</u> <u>18-8-16-3</u>	<u>MOTION</u> <u>18-8-16-4</u>	<u>MOTION</u> <u>18-8-16-5</u>
Michael Perricone	Yea	Yea	Yea	Yea	Yea
Jessica Hunter	Yea	Yea	Yea	Yea	Yea
Ohannes Karaoghlanian	Yea	Yea	Yea	Yea	Yea
Leo McGuire	Yea	Yea	Yea	Yea	Yea
Robert Grether	Yea	Yea	Yea	Yea	Yea
John Lamb	Yea	Yea	Yea	Yea	Yea
Bryce Bannatyne	Yea	Yea	Yea	Yea	Yea
Ed McFadden	Yea	Yea	Yea	Yea	Yea
Randy Douglas	Yea	Yea	Yea	Yea	Yea
Rick Shade	Yea	Yea	Yea	Yea	Yea
Gene Carbone	Yea	Yea	Yea	Yea	Yea
Gary Caloroso	Yea	Yea	Yea	Yea	Yea
<i>Outcome</i>	Unanimous	Unanimous	Unanimous	Unanimous	Unanimous