

**CALIFORNIA AVOCADO COMMISSION**  
**BOARD MEETING MINUTES**  
**August 17, 2017**

A meeting of the California Avocado Commission (CAC) Board was held on Thursday, August 17, 2017 at the CAC office, 12 Mauchly, Suite L, Irvine, CA 92618, with the following people present:

**MEMBERS PRESENT**

Robb Bertels  
Art Bliss  
John Burr  
Gary Caloroso  
Gene Carbone  
Tyler Cobb  
Jason Cole  
Jessica Hunter  
John Lamb  
Ed McFadden  
Leo McGuire  
Kellen Newhouse  
Rick Shade

**ALTERNATES PRESENT**

Bryce Bannatyne  
Robert Grether  
Ohannes Karaoghlanian  
Bradley Miles  
Ryan Rochefort

**MEMBERS ABSENT**

Nina Ames  
Steve Taft

**ALTERNATES ABSENT**

Gary Clevenger  
Donny Lucy

**CAC STAFF PRESENT**

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

**OFFICIALLY PRESENT**

Marlene Betts, USDA  
Emiliano Escobedo, HAB  
Candace Hollar, MullenLowe  
Ben Kardokus, CDFA  
Kim Kurata, MMM Mktg.  
Peggy McCormick, MMM Mktg.  
Laura Paden, PJ/PR  
Lori Small, Golin

**GUESTS PRESENT**

Marcy Burkhead  
Shannon Burkhead  
Susan Hughes  
John McGuigan  
Marji Morrow  
Steven Muro  
Alexei Rudolf  
Bill Steed  
Rebecca Wojcicki  
Charley Wolk

**ITEM #1 CALL TO ORDER**

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

Rick Shade, CAC chairman, called the meeting to order at 8:40 a.m. with a quorum present.

*Introductions - Item 1.B.*

Mr. Shade welcomed Marlene Betts of the U.S. Department of Agriculture (USDA), as well as John McGuigan, newly hired as the director of industry affairs for the Hass Avocado Board (HAB).

**ITEM # 2 OPPORTUNITY FOR PUBLIC COMMENT**

There was no public comment.

**ITEM # 3 CONSENT CALENDAR**

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

**MOTION:**

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

*(Lamb/Burr) MSC Unanimous*

**MOTION 17-8-17-1**

The Consent Calendar is included in the August 2017 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Items 3.A and 3.C.

**ITEM #4 CONSIDER APPOINTMENT OF DISTRICT 5 PRODUCER TO FILL EXISTING VACANCY FOR TERM ENDING OCTOBER 31, 2017**

Mr. Shade reported that there was currently a District 5 producer member vacancy as a result of the previous member's removal from the seat due to attendance provisions within CAC Bylaws. Mr. Shade indicated that at the time the packet was sent to Commissioners, three individuals had expressed an interest in the District 5 vacancy: Tyler Cobb (current District 5 alternate), Jay Coslett and Bradley Miles. It was noted that both Mr. Coslett and Mr. Miles had indicated their interest in an alternate seat, if available. Nominations from the floor were entertained, with no interest expressed, at which point the following motion was offered:

**MOTION:**

*To appoint Tyler Cobb to fill the existing District 5 Producer Member seat, with term ending October 31, 2017.*

*(Lamb/Burr) MSC Unanimous*

**MOTION 17-8-17-2**

Mr. Shade reported that the appointment of Mr. Cobb to the District 5 producer member seat had now created a vacancy of the District 5 producer alternate seat. With two individuals having expressed interest in that seat, Mr. Shade entertained a motion to fill the now vacant District 5 producer alternate seat.

**MOTION:**

*To appoint Bradley Miles to fill the District 5 Producer Alternate seat, with term ending October 31, 2017.*

*(McFadden/Karaoghlanian) MSC Unanimous*

**MOTION 17-8-17-3**

**ITEM #5 TREASURER'S REPORT**

**2017-18 Preliminary Budget and Assessment Rate – Item 5.A**

Art Bliss, CAC treasurer, reported that the Finance Committee had met and reviewed current financials and check disbursements, with all in order and no items of note. He stated that the Finance Committee had reviewed management's recommended 2017-18 preliminary budget and assessment rate, details of which would be covered during the President's Report, with committee consensus that while conservative, management's recommendation was reasonable.

**ITEM #6 PRESIDENT'S REPORT**

**2017-18 Planning - Preliminary Budget and Assessment Scenarios – Item 6.A**

Tom Bellamore, CAC president, and Monica Arnett, CAC director of finance and administration, presented CAC's current financial position and projected 2016-17 ending reserve balance of nearly \$9.9 million. Ms.

Arnett explained that the ending reserve balance reflected an increase of approximately \$2.5 million over budget, which was a direct result of an average annual crop price of \$1.58 per pound, 48 cents more than budgeted value of \$1.10 per pound.

Mr. Bellamore stated that management's starting position for development of the 2017-18 CAC budget and business plan was based on a 365-million-pound crop at a value of \$1.10 and a level assessment rate of 2.3-percent. Management's recommendation generates an estimated \$16.5 million in revenues, \$14.5 million in expenses and \$11.9 million ending reserve balance. While it was still very early in the season to be estimating the size of the 2017-18 crop, Mr. Bellamore indicated that management was taking a conservative approach to crop size, while using a more aggressive price point for the value.

Board discussion ensued regarding management's recommendation, with consensus that the 2017-18 crop size could be as much as double the 2016-17 crop volume, but support for management's conservative estimate of 365 million pounds. In addition, there was support for the more aggressive price per pound of \$1.10 as it sends a message to the industry to not undersell the market. Discussion regarding the reserve balance, specifically carrying a balance over that which CAC has typically retained, resulted in comments indicating that there were expenditures, related to succession planning, which would cause the Board to want to carry a larger reserve balance in the coming years. It was noted that while the proposed budget of \$9.5 million for marketing was adequate, the marketing team indicated that they could use about \$1 million more, however there was not a need for a larger budget than that as the marketing program was now extremely targeted and efficient. Consensus from Board discussion was support for management's recommendation for a conservative approach to the budgeting process and maintaining the current assessment rate of 2.3-percent.

Mr. Bellamore said management would conduct crop field meetings in September to fine tune the projected crop volume and would bring that input back to the Board in October. Mr. Shade encouraged the Board to take the proposed numbers out to their districts and solicit feedback prior to final approval of the 2017-18 budget, plan and assessment rate in October.

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

Mr. Bellamore distributed the top-end of the business plan which included draft objectives and strategies. He noted that this section of the plan serves as the strategic pillars for the development of the action plans and budgets, and had remained relatively unchanged since the Board first developed them around eight years ago. Mr. Bellamore stated that he intended to have the Board revisit the top-end of the plan at the beginning of the 2018-19 planning cycle to ensure that the strategies and objectives were still focused on the organization's mission and industry's vision for the future.

The *Draft 2017-18 Business Plan Strategies and Objectives* are attached to the permanent copy of these Minutes and identified as EXHIBIT B.

**ITEM #7 CHAIRMAN'S REPORT**

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

Mr. Shade reported that he had received a letter from Hass Avocado Board (HAB) Chairman Chris Henry requesting recommendations for CAC representatives to serve on the Hass Avocado Committee (HAC) for the one-year term beginning November 2017. It was noted that the current CAC representatives serving on the HAC were Charley Wolk (member) and Jason Cole (alternate member).

**MOTION:**

*The CAC Board of Directors moves to recommend Tyler Cobb as CAC Member representative on the Hass Avocado Board's Hass Avocado Committee.*

*(McFadden/Caloroso) MSC Unanimous*

**MOTION 17-8-17-4**

**MOTION:**

*The CAC Board of Directors moves to recommend Jessica Hunter as CAC Alternate representative on the Hass Avocado Board's Hass Avocado Committee.*

*(Cole/Bertels) MSC Unanimous*

**MOTION 17-8-17-5**

Forecasting Task Force Report– Item 7.B

Robb Bertels, Forecasting Task Force member, reported that the task force had met to review the existing global supply and demand resources currently available. Direction was provided to CAC management to utilize the same structure as the AMAP report, which shows total volume, arrival seasons and potential market destinations, by country. It is envisioned that this one-page, 30,000-foot view, summary will be provided to the CAC Board, during the annual planning cycle, as a snapshot of the global market conditions and how that might impact CAC's strategic goals and objectives, and potential allocation of budget.

Succession Task Force Report– Item 7.C

John Lamb, Succession Task Force member, stated that Mr. Bellamore and the task force had worked to draft the succession plan that was included in the packet for the Board's review. He commented that the succession plan was a living document and that future Boards could make revisions, if necessary, but that it was a great framework to prepare the Board to deal with both planned and unplanned absences of key personnel.

Mr. Bellamore called the Board to pay close attention to the process section of the succession plan and to review the plan in its entirety before the October meeting, when the final version of the succession plan would be brought before the Board for approval.

The Draft Succession Plan, August 2017 is included in the August 2017 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 7.C.

**ITEM #8 CLOSED SESSION**

Personnel Matters pursuant to Section 11126(a)(1) of the California Government Code – Item 8.A

Mr. Shade called the Closed Session to order at 9:30 a.m.

Return to Open Session & Report of Action Taken, if any, in Closed Session – Item 8.B

The Board returned to the general session at 11:20 a.m. and Mr. Shade reported that no action had been taken.

**ITEM #10 INDUSTRY AFFAIRS REPORT**

Metropolitan Water District Request for Support– Item 10.B

Charley Wolk, CAC Water Committee Chair, stated that the Metropolitan Water District (MWD) has asked for CAC support of MWD’s position on the California WaterFix. Mr. Wolk explained that the California WaterFix would utilize two twin tunnels to carry water into canals that flow throughout the State, as far south as San Diego. He reported that the proposed solution is politically charged, with environmental groups in opposition and businesses in support, and that CAC’s support for MWD’s position would provide the CAC Water Committee a bargaining tool in the ongoing water rate negotiations with MWD. Mr. Wolk encouraged the Board to support MWD’s request and issue a letter of support for the MWD position on the California WaterFix.

During Board discussion a concern was raised as to whether CAC could lobby or take a position on the WaterFix. Ben Kardokus, California Department of Food and Agriculture (CDFA) representative, stated that the Department typically advises Boards under their jurisdiction away from lobbying or taking a position on issues such as these. Mr. Bellamore reminded the Board that CAC was a Commission, with its own stand-alone statute, and so the same laws that apply to CDFA Boards, do not have the same bearing on CAC. Mr. Bellamore’s position was that the benefits of a potential agricultural water rate from MWD, as a result of CAC’s letter of support, would outweigh any potential risk.

**MOTION:**

*The CAC Board of Directors moves that CAC write a letter from the Commission Chairman in support of MWD’s position on the California WaterFix.*

*(McGuire/Burr) MSC 11 Yea/1 Nay/1 Abstention*

**MOTION 17-8-17-6**

NAFTA Renegotiation – Item 10.A

Mr. Bellamore stated that with NAFTA renegotiation discussions underway, CAC had started to receive comments from the press and Board members about whether the Commission has taken a position on the issue. He reported that Ken Melban, CAC vice president of industry affairs, was currently seated on the federal Agricultural Technical Advisory Committee for Trade (ATAC) with the ability to speak on the industry’s behalf, however wanted the Board to discuss and determine what CAC’s position would be and what CAC would want to ask for.

Mr. Melban provided an update on the current position of the ATAC, which was to “do no harm” with regard to fruits and vegetables and the existing trade agreements in place. The ATAC, and majority of agriculture, agree that NAFTA largely works well and their concerns are focused on streamlining sanitary, phytosanitary and technical processes. CAC’s position to date has been in line with agriculture’s and to not rock the market. Mr. Melban commented that he had already begun hearing reports that if tariffs were imposed on imported

fruit and that retailers may look for domestic production to be sold at a discount, which would be counterproductive to CAC's marketing efforts.

Board discussion indicated consensus with CAC's position to support ATAC's position of "do no harm", however to look for opportunities to remind importing partners that while the current trade relationships are working now, should market disruption occur, CAC's position on the issue may change. Mr. Bellamore stated that he and Mr. Melban would continue to monitor this issue and report back to the Board should the status of the situation change.

### **ADJOURN FOR LUNCH**

Mr. Shade adjourned the Board for lunch at 12:00 p.m. and reconvened the meeting at 12:50 p.m.

### **ITEM #9 MARKETING REPORT**

#### **MMM Marketing- Item 9.C**

Mr. Bellamore reported that Peggy McCormick and Ann Segerstrom, two principals of CAC's foodservice team, would be retiring at the end of the fiscal year. He thanked Ms. McCormick and Ms. Segerstrom for their many years of service on behalf of the California avocado industry.

Jan DeLyser, CAC vice president of marketing, introduced the individuals who would continue working on the foodservice team stating that Kim Kurata, who had worked for eight years on CAC's business, would assume the leadership role for the foodservice program and would be working with Alexei Rudolf, Susan Hughes and Shannon Burkhead.

Mrs. McCormick addressed the Board and on behalf of herself and Ann Segerstrom, stated it had been an honor and pleasure to work for CAC and the California growers.

#### **Marketing Committee Meeting Summary - Item 9.A**

Mr. Bertels, Marketing Committee vice chairman, stated that the Marketing Committee had met on the previous day and received the same report that is scheduled to be presented to the Board under Item 9.B, Anatomy of a Promotion.

#### **Anatomy of a Promotion - Item 9.B**

Ms. DeLyser, shared the California Avocado Commission Dashboard report and CAC Marketing team members presented an update explaining the anatomy of a promotion and 2016-17 program highlights. The anatomy of a promotion presentation explained in detail the process for the development of promotions in light of media shifting to a digital world. The 2016-17 marketing program update presented key successes achieved throughout the year highlighting retail promotions (including digital and in-store), supermarket registered dietitian programs, creation of custom content, Dine L.A restaurant week, consumer public relations, foodservice chain promotions, events and new menu concept/culinary presentations.

The California Avocado Commission Dashboard, November 2016 – July 2017 is attached to the permanent copy of these Minutes and identified as EXHIBIT C.

The Development of a Promotion handout is attached to the permanent copy of these Minutes and identified as EXHIBIT D.

The Marketing Campaign Update, August 2017 presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT E.

## **ITEM #11 PRODUCTION RESEARCH REPORT**

### Project Commitments for FY 2017-18 – Item 11.A

### Production Research Committee Meeting Summary – 11.B

Dr. Tim Spann, CAC research program director, stated that included in the Board Packet was a write-up that outlined the project commitments for 2017-18, which included only continuing projects and totaled \$459,435. He reported that the write-up provided detail on the topics discussed at the recent Production Research Committee (PRC) meeting, which included alternate bearing, pruning and crop coefficient. As a result of these discussions, the PRC had asked that a proposal be solicited on a possible crop coefficient project, and that Dr. Spann should work to gather further data on alternate bearing and pruning for the PRC to review at future meetings. Final committee recommendations for the 2017-18 budget would be included in the business plan and budget presented in October.

Dr. Spann also reported that he had been notified that Mary Bianchi, University of California Cooperative Extension (UCCE) farm advisor in San Luis Obispo, had recently retired. This follows the retirement of Gary Bender, farm advisor from San Diego, as well as Joe Morse, UC Riverside researcher. He stated that in many cases the University is not planning to hire replacements, and if they do, the replacement is often expected to cover a larger geographic area and/or a broader range of research focuses. Dr. Spann reported that CAC will continue to explore all possible research avenues, both public and private, to ensure projects funded return the best value to growers.

Dr. Spann provided an update on the development of an online grower Decision Support Tools (DST) website which utilizes data gathered from CAC-funded research completed by Dr. David Crowley. He stated that while progress had been delayed as a result of licensing negotiations with UC Riverside, those issues had been resolved and CAC now had a contract in place with SureHarvest, who would be responsible for development of the site. Development of the website was currently underway, with a beta-version expected to be released by the end of 2017.

The Production Research Report is included in the August 2017 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 11.

**ITEM #11 HASS AVOCADO BOARD REPORT**

Emiliano Escobedo, Hass Avocado Board (HAB) executive director, introduced John McGuigan, HAB's new director of industry affairs. Mr. McGuigan addressed the Board providing a brief overview of his experience in the produce industry and stating that industry engagement was one of his top priorities at HAB.

Mr. Escobedo noted the following key activities within the industry and at HAB:

- HAB currently had two producer alternate vacancies, interested parties should contact HAB
- Meeting notices for all HAB meetings were now posted on HAB's website, [www.hassavocadoboard.com](http://www.hassavocadoboard.com)
- HAB has recommended to the USDA that GEM avocados be assessed as a Hass-like variety, and if approved, assessments would be collected beginning January 1, 2018
- Next HAB Board meeting will take place on August 31, 2017 in Carlsbad, producers and industry stakeholders are encouraged to attend

**ADJOURN MEETING**

Mr. Shade adjourned the meeting at 2:05 p.m. The next Board meeting will be held on Thursday, October 12, 2017 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 17, 2017 approved by the CAC Board of Directors on October 12, 2017.

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Jason Cole, CAC Board Secretary

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

- EXHIBIT A August 2017 Board Packet
- EXHIBIT B Draft 2017-18 Business Plan Strategies and Objectives
- EXHIBIT C California Avocado Commission Dashboard, November 2016 – July 2017
- EXHIBIT D Development of a Promotion Handout
- EXHIBIT E Marketing Campaign Update, August 2017 Presentation
- EXHIBIT F August 17, 2017 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><br><i>California Avocado Commission<br/>Regular Board Meeting</i> | <b>Meeting Location:</b><br><i>California Avocado Commission<br/>12 Mauchly, Suite L<br/>Irvine, CA 92618</i> | <b>Meeting Date:</b><br><i>August 17, 2017</i> |
|--|---|--|

| <i>Attendees Who Voted</i>               | <u>MOTION</u><br><u>17-8-17-1</u> | <u>MOTION</u><br><u>17-8-17-2</u> | <u>MOTION</u><br><u>17-8-17-3</u> | <u>MOTION</u><br><u>17-8-17-4</u> | <u>MOTION</u><br><u>17-8-17-5</u> | <u>MOTION</u><br><u>17-8-17-6</u>          |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--|
| John Burr                                | Yea                               | Yea                               | Yea                               | Yea                               | Yea                               | Yea  |
| Jessica Hunter                           | Yea                               | Yea                               | Yea                               | Yea                               | Yea                               | Yea  |
| Ohannes Karaoghlanian<br>(Newhouse Alt.) | Yea                               | Yea                               |                                   |                                   |                                   |  |
| Kellen Newhouse                          | Not Present                       | Not Present                       | Yea                               | Yea                               | Yea                               | Yea  |
| Leo McGuire                              | Yea                               | Yea                               | Yea                               | Yea                               | Yea                               | Yea  |
| Art Bliss                                | Yea                               | Yea                               | Yea                               | Yea                               | Yea                               | Yea  |
| John Lamb                                | Yea                               | Yea                               | Yea                               | Yea                               | Yea                               | Yea  |
| Jason Cole                               | Yea                               | Yea                               | Yea                               | Yea                               | Yea                               | Yea  |
| Ed McFadden                              | Yea                               | Yea                               | Yea                               | Yea                               | Yea                               | Yea  |
| Tyler Cobb                               | Yea                               | Yea                               | Yea                               | Yea                               | Yea                               | Yea  |
| Rick Shade                               | Yea                               | Yea                               | Yea                               | Yea                               | Yea                               | Abstain                                    |
| Gary Caloroso                            | Yea                               | Yea                               | Yea                               | Yea                               | Yea                               | Nay  |
| Gene Carbone                             | Yea                               | Yea                               | Yea                               | Yea                               | Yea                               | Yea  |
| Robb Bertels                             | Yea                               | Yea                               | Yea                               | Yea                               | Yea                               | Yea  |
| <b>Outcome</b>                           | <b>Unanimous</b>                  | <b>Unanimous</b>                  | <b>Unanimous</b>                  | <b>Unanimous</b>                  | <b>Unanimous</b>                  | <b>11 Yea/<br/>1 Nay/<br/>1 Abstention</b> |