

**CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
October 7, 2020**

A web/teleconference meeting of the California Avocado Commission (CAC) Board was held on Wednesday, October 7, 2020 with the following people present:

MEMBERS PRESENT

Gary Caloroso
Jason Cole
Salvador Dominguez
Randy Douglas
Rob Grether
Jessica Hunter
Ohannes Karaoghlanian
John Lamb
Daniella Malfitano
Ed McFadden
Ryan Rochefort
Peter Shore
Charley Wolk

ALTERNATES PRESENT

John Cornell
Connor Huser
John Lloyd-Butler
Daryn Miller
Doug O'Hara
Michael Perricone

MEMBERS ABSENT

None

ALTERNATES ABSENT

None

STAFF PRESENT

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

OFFICIALLY PRESENT

Katie Cook, *USDA*
Ben Kardokus, *CDFCA*
Tony Pier, *PM1*
David Plevan, *PM1*
George Soares, *Kahn Soares & Conway*

GUESTS PRESENT

David Anderson
Carolyn Becker
Hillary Brandaw
Emiliano Escobedo
Candace Hollar
Kathleen Johnson
Lauren Kelley
Kim Kurata
Laurie Luschei
John McGuigan
Leo McGuire
Marji Morrow
Steven Muro
Jill Netzel
Laura Paden
Gwen Peterson
Bryan Reugebrink
Gwen Sanders
Matt Schraut
Tim Spann
Brittney Theriault

ITEM #1 CALL TO ORDER

Roll Call/Establish Quorum – Item 1.A.

John Lamb, CAC chairman, called the meeting to order at 10:01 a.m. with a quorum present.

ITEM #2 CLOSED SESSION

President's Performance Review pursuant to Section 11126(a)(1) of the California Government Code – Item 2.A

Closed Session with CAC Legal Counsel pursuant to Section 11126(e)(1) of the California Government Code – Item 2.B

Prior to convening closed session, Mr. Lamb read the following admonition:

- The Open Meeting Act imposes strict confidentiality requirements on discussions that occur in closed session. Divulging matters discussed in closed session is prohibited by law.
- During the closed session, only those matters noticed on the agenda may be considered.
- Violation of these provisions potentially carries legal consequences for the Commission.
- Under such circumstances, board members may face personal liability for their individual illegal actions.
- They may also be subject to discipline and possible removal per the Commission's Code of Conduct.

Mr. Lamb stated that the Closed Session would consist of Board Members and Alternates, but under advice of legal counsel, CAC Board Alternate John Cornell is not permitted to attend the Closed Session. Mr. Lamb called the Closed Session to order at 10:05 a.m.

ITEM #3 RETURN TO OPEN SESSION

Return to Open Session & Report of Action Taken, if any, in Closed Session – Item 3.A

The Board returned to the Open Session at 11:30 a.m. and Mr. Lamb reported the outcome of the Closed Session was unanimous action taken with regard to the president’s salary.

Introductions – Item 3.B.

April Aymami, CAC industry affairs director, announced the United States Department of Agriculture (USDA), California Department of Food and Agriculture (CDFA), CAC legal counsel, CAC staff, CAC agency personnel and known guests participating in the web/teleconference call. She asked for all other guests to announce themselves and recorded all participants in attendance.

ITEM # 4 OPPORTUNITY FOR PUBLIC COMMENT

Laurie Luschei asked that the CAC minutes reflect that the public was not given the opportunity to object to going into Closed Session, as the Public Comment portion of the meeting was scheduled after the Closed Session.

John Cornell stated that he was informed three days prior to the board meeting that he would be welcome in today’s Closed Session and asked when CAC’s legal counsel gave the advice that he was not welcome. Mr. Cornell also asked for the legal basis for his exclusion from the Closed Session. CAC’s legal counsel, George Soares, declined to comment at this time.

ITEM # 5 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 5.A and 5.B as presented.

(McFadden/Douglas) MSC Unanimous

MOTION 20-10-7-1

The Consent Calendar is included in the October 2020 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Items 5.A and 5.B.

ITEM #6 TREASURER’S REPORT

Rob Grether, CAC treasurer, provided a summary of the recent Finance Committee meeting, which included a review of CAC’s current financial position which was on track to outperform budget and end with a strong reserve balance. In addition, the Finance Committee reviewed check disbursements and Mr. Grether reported to the Committee that as Treasurer he had reviewed the annual contributions into CAC’s 401a plan which were in compliance with the plan’s requirements.

Consider Approval of Letter of Engagement from Macias Gini & O’Connell for Financial Audit Services - Item 6.A

Mr. Grether stated that the Finance Committee reviewed the letters of engagement provided by Macias Gini & O’Connell (MGO) for financial audit services and unanimously recommended that the Board approve them as presented. He noted that there was discussion at the Finance Committee level regarding MGO, where CAC management strongly recommended continuing

with MGO as CAC's auditor as they are highly-specialized in non-profits, with competitive pricing and regular turnover of auditing managers, while maintaining continuity of partners.

MOTION:

The CAC Board of Directors approves the MGO Letters of Engagement for Financial Audit Services as presented.

(Rochefort/Cole) MSC Unanimous

MOTION 20-10-7-2

The Letters of Engagement from Macias Gini & O'Connell are included in the October 2020 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 6.A.

Consider Finance Committee Recommendation on 2020-21 Budget and Assessment Rate - Item 6.B

Mr. Grether reported that the Finance Committee had reviewed the draft budget and engaged in an in-depth discussion regarding the 2020-21 assessment rate. He stated that the Finance Committee unanimously recommended an assessment rate of 1.75 percent for the 2020-21 fiscal year.

ITEM #7 PRESIDENT'S REPORT

Consider Approval of 2020-21 Proposed Action Plans and Budgets – Item 7.B

Tom Bellamore, CAC president, called the Board's attention to the draft business plan that had been distributed in advance of the meeting for review. He noted that the business plan contained the proposed action plans for the next fiscal year. In addition, Mr. Bellamore stated that CAC management supports the Finance Committee's recommended 2020-21 assessment rate of 1.75 percent.

Monica Arnett, CAC vice president of finance and administration, presented CAC's current financial position for 2019-20 which reflected a projected ending reserves balance of approximately \$13.7 million. She also provided management's proposed 2020-21 budget, based on a crop volume of 325 million pounds, projected price of \$1.25 per pound and reduced assessment rate of 1.75 percent. She noted that the proposed budget of \$17.4 million included \$12.2 million for marketing programs, \$1.6 for industry affairs and production research and \$3.6 million for administration. With these assumptions, CAC would draw down reserves to \$10 million at the end of the 2020-21 fiscal year and potentially down to \$8 million in 2021-22.

During discussion there was a question regarding the value used of \$1.25 per pound, to which Mr. Bellamore stated that the price reflects the inherent value of California avocados and is eminently achievable. The Board also discussed the ongoing pandemic and effect it has had on foodservice business. While there was some optimism that in-person dining would continue to return in 2021, Mr. Bellamore said that CAC assumes there will be continued struggles well into the next year and that the CAC business plan and activities will support the foodservice industry.

MOTION:

The CAC Board of Directors approves the draft 2020-21 Business Plan and Budget as presented.

(McFadden/Grether) MSC Unanimous

MOTION 20-10-7-3

The CAC Current Financial Situation and Proposed 2020-21 Budget presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT B.

The Draft 2020-21 Business Plan and Budget are included in the October 2020 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 7.B.

ITEM #8 ESTABLISH ASSESSMENT RATE FOR 2020-21 FISCAL YEAR

With discussion already taken place during the President's Report, there was no further discussion regarding the assessment rate and the following motion was offered:

The CAC Board of Directors moves to set the 2020-21 Assessment Rate at 1.75% of the gross dollar value of sales for all varieties during any full or partial month the Federal Hass Avocado Promotion, Research, and Information Order (Order) is in effect, and at 3.61% of the gross dollar value of sales for all varieties during any full month the federal assessment under the Order is not in effect.

(McFadden/Douglas) MSC Unanimous

MOTION 20-10-7-4

Commission Receipt of Public Records Act Request – Item 7.A

Mr. Bellamore reported that over the past month three public records act requests for staff salaries and expenses had been received. He stated that CAC's legal counsel was handling these requests.

FOB Price – California vs. Imports

Mr. Bellamore presented a comparison of California versus import pricing for the period of March through September 2020. He noted that while price had weakened toward the end of the season, the California price gap over imports had widened during that period both inside and outside California.

During discussion there was a question regarding how much of the price advantage may be attributed to CAC's activities, versus the consumer's natural propensity to buy local/fresh. Mr. Bellamore noted that CAC's activities do differentiate based on local/fresh attributes, but that studies conducted by economists indicate a large portion of the price advantage comes from the marketing efforts of organizations like CAC. It was also noted that the price advantage is seen outside of California, an indication that CAC's marketing efforts are communicating the value of California fruit outside of the local California market.

The FOB Price – California vs. Imports presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT C.

Board Member Recognition

Mr. Bellamore stated that this would be the final board meeting for members John Lamb and Ed McFadden. He noted that both individuals had served for more than 15 years, the extent of their term limits, and acknowledged the various executive offices they had held over the years. Mr. Bellamore thanked Mr. Lamb and Mr. McFadden for their contributions in moving the industry forward and said it was a privilege to have worked with them.

Section 201 Issue Brief

Ken Melban, CAC vice president of industry affairs, addressed an issue brief that had been emailed to the board regarding the U.S. Trade Representative plan to address threats to seasonal and perishable fruit and vegetables. He stated that – if the board chooses to move forward – it was important to understand that CAC would not be pursuing a section 201 petition with the idea of limiting trade, but rather to get relief in the form of monetary compensation for growers to the degree possible. Mr. Melban noted that because this item was not on the agenda, no action could be taken by the Board at this time. Mr. Bellamore stated that the item would be added to the November agenda for further discussion.

ITEM #9 CHAIRMAN'S REPORT

2021 Referendum Timing – Item 9.A.

Mr. Bellamore reported that CAC would hold its referendum in 2021 and while the vote can be conducted at any time during the fiscal year, historically it was held in February. He noted that in

light of the pandemic and other market forces, CAC management wanted to bring the timing of the referendum before the Board for discussion. There were no objections to conducting the 2021 referendum in February 2021.

Recommend Member and Alternate to Serve on Hass Avocado Committee – Item 9.B.

Mr. Lamb called the Board's attention to Item 9.B of the Board Packet which included a letter from Hass Avocado Board (HAB) Chairman Jorge Hernandez requesting the recommendation from CAC for a member and alternate to serve on the Hass Avocado Committee (HAC) for the one-year term beginning November 2020. He noted that Daniella Malfitano, CAC's current HAC Member would be unable to serve another term, however John Lloyd-Butler, CAC's current HAC Alternate indicated he was willing to serve as the HAC Member for the new term. Ohannes Karaoghlanian stated that he was interested in serving as CAC's HAC Alternate. There was no further discussion and Mr. Lamb stated the item would be placed on the November agenda.

The Letter from HAB Chairman Jorge Hernandez Requesting HAC Representatives is included in the October 2020 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 9.B.

Chairman's Remarks

Mr. Lamb addressed the Board with closing remarks noting that during the time he had served the Board had gone through a lot of turmoil and board meetings were very contentious, especially between northern and southern districts. He stated that now the Board was united together for California avocados and the industry as a whole. Mr. Lamb thanked the Board and CAC staff for being consummate professionals and a marketing organization that was the envy the produce industry. He encouraged the Board to stay focused on the bright future of the industry.

ADJOURN MEETING

Mr. Lamb adjourned the meeting at 12:35 p.m. The next Board meeting will be held on Thursday, November 19, 2020.

Respectfully submitted,

April Aymami, CAC Industry Affairs Director

I certify that the above is a true statement of the Minutes of October 7, 2020 approved by the CAC Board of Directors on November 19, 2020.

Jason Cole, CAC Board Secretary

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

- EXHIBIT A October 2020 Board Packet
- EXHIBIT B CAC Current Financial Situation and Proposed 2020-21 Budget Presentation
- EXHIBIT C FOB Price – California vs. Imports Presentation
- EXHIBIT D October 7, 2020 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>California Avocado Commission 12 Mauchly, Suite L Irvine, CA 92618</i>	Meeting Date: <i>October 7, 2020</i>
--	---	--

<i>Attendees Who Voted</i>	<i>MOTION 20-10-7-1</i>	<i>MOTION 20-10-7-2</i>	<i>MOTION 20-10-7-3</i>	<i>MOTION 20-10-7-4</i>
Ryan Rochefort	Yea	Yea	Yea	Yea
Jessica Hunter	Yea	Yea	Yea	Yea
Charley Wolk	Yea	Yea	Yea	Yea
Ohannes Karaoghlanian	Yea	Yea	Yea	Yea
Rob Grether	Yea	Yea	Yea	Yea
John Lamb	Did Not Vote	Did Not Vote	Did Not Vote	Did Not Vote
Ed McFadden	Yea	Yea	Yea	Yea
Jason Cole	Yea	Yea	Yea	Yea
Salvador Dominguez	Yea	Yea	Yea	Yea
Randy Douglas	Yea	Yea	Yea	Yea
Gary Caloroso	Yea	Yea	Yea	Yea
Peter Shore	Yea	Yea	Yea	Yea
Daniella Malfitano	Yea	Yea	Not Present	Not Present
<i>Outcome</i>	<i>Unanimous</i>	<i>Unanimous</i>	<i>Unanimous</i>	<i>Unanimous</i>