

**CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
March 4, 2021**

A web/teleconference meeting of the California Avocado Commission (CAC) Board was held on Thursday March 4, 2021 with the following people present:

MEMBERS PRESENT

Gary Caloroso
Jason Cole
John Cornell
Randy Douglas
Rob Grether
Jessica Hunter
Ohannes Karaoghlanian
Rachael Laenen
John Lloyd-Butler
Daniella Malfitano
Andrew Prechtl
Ryan Rochefort
Peter Shore

ALTERNATES PRESENT

Connor Huser
Daryn Miller
Doug O'Hara
Michael Perricone
Charley Wolk

MEMBERS ABSENT

None

ALTERNATES ABSENT

Maureen Cottingham

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

Hillary Brandaw, MullenLowe
Vickie Carpenter, USDA
Katie Cook, USDA
Candace Hollar, MullenLowe
Linda Hurley, MGO
Kathleen Johnson, PJ/PR
Ben Kardokus, CDFA
Brittney Theriault
Sean Wright

GUESTS PRESENT

David Anderson
Bruce Beaudoin
Carolyn Becker
Wayne Brydon
Lauren Kelley
Kim Kurata
Gregg Magnus
Ed McFadden
John McGuigan
Leo McGuire
Scott Model
Marji Morrow
Steven Muro
Laura Paden
Bryan Reugebrink
Alexei Rudolf
Sam Schaitberger
Matt Schraut
Scott Wibbenmeyer
Martin Wildgoose

ITEM #1 CALL TO ORDER

Roll Call / Establish Quorum – Item 1.A.

Rob Grether, CAC chairman, called the meeting to order at 10:04 a.m. with a quorum present.

Introductions – Item 1.B.

April Aymami, CAC industry affairs director, announced the California Department of Food and Agriculture (CDFA) and US Department of Agriculture (USDA) representatives, CAC staff 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 # 2 OPPORTUNITY FOR PUBLIC COMMENT

CAC District 2 Board Member John Cornell read an email he received from District 2 grower Rick Carey which questioned the need for the current level of staffing and asked if a compensation committee review had been conducted. Mr. Carey's email concluded that a lot had changed since 1978 and that he did not believe that current CAC staffing was in line with growers' needs today.

ITEM # 3 CONSENT CALENDAR

Mr. Grether introduced the consent calendar and asked for questions or comments. Mr. Cornell requested that the February meeting minutes be removed from the consent calendar for further

discussion. With no comments on the remaining consent calendar items, the following motion was put forward:

MOTION:

Move to approve Consent Calendar Items 3.B through 3.E as presented.

(Cole/Malfitano) MSC Unanimous

MOTION 21-3-4-1

The Consent Calendar is included in the March 2021 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Items 3.B through 3.E.

Mr. Cornell requested that the February meeting minutes be amended to reflect that Board members were limited to one comment on Motion 21-2-8-3 which requested that CAC's attorneys ask the International Trade Commission to begin monitoring Hass avocado imports. During discussion and a review of the meeting notes, it was clarified that Board members had not been limited to one comment on the topic, but rather after significant discussion, Chairman Grether requested that further comments be limited to those Board members who had not already spoken. Mr. Cornell was in agreement with these conclusions and put forth the following motion:

MOTION:

Move to approve the February 8, 2021 meeting minutes with the addition of the following sentence to the Motion 21-2-8-3 discussion paragraph: "After significant discussion, Mr. Grether requested that further comments be limited to those Board members who had not already spoken."

(Cornell/Karaoghlanian) MSC 10 Yea/2 Nay

MOTION 21-3-4-2

The February 8, 2021 Meeting Minutes are included in the March 2021 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 3.A.

ITEM #4 CONSIDER APPOINTMENT OF DISTRICT 2 PRODUCER ALTERNATE MEMBER TO FILL EXISTING VACANCY FOR TERM ENDING OCTOBER 31, 2021

Mr. Grether reported that the board packet sent prior to the meeting included affiliation information and candidate statements of individuals who had stepped forward as nominees for the vacant District 2 producer alternate member seat for the term ending October 31, 2021. Mr. Grether asked if there were any other nominations from the floor, which there were none. He then provided an opportunity for the nominees present to address the board. Nominees Bob Schaar and Heydar Shahrokh were not present and therefore did not speak. Nominees Scott Wibbenmeyer, Martin Wildgoose and Charley Wolk all provided a brief overview of their experience and their interest in joining the CAC Board.

Mr. Grether stated that the Board was required to appoint an individual to fill the vacant seat, however with multiple candidates, the Board could either conduct an election among the five candidates to ascertain support, or the Board could make a motion to appoint an individual. He noted that in the event the Board decided to conduct an election, it would be with the understanding that the winner of the election would be appointed to the vacant District 2 producer alternate member seat. Tom Bellamore, CAC president, commented that management's position on conducting an election is that the appointed candidate should have a majority vote of support from the Board. Mr. Grether also noted that in the event of an election, votes would be submitted confidentially to Ms. Aymami through the meeting chat function, who would then tally and announce the results, to include how each member voted.

MAIN MOTION:

Move to hold an election of the District 2 nominees and if there is a majority Board support for one candidate, that candidate shall be appointed to the District 2 producer alternate member seat for the term ending October 31, 2021. If there is not a majority Board support for one candidate, the candidate who received the fewest number of votes is eliminated and then a runoff election is held among the candidates remaining until a majority of Board support is reached and that individual shall be appointed to the District 2 producer alternate member seat for term ending October 31, 2021.
(Lloyd-Butler/Douglas)

There were comments made that in CAC's general election process the individual with the most votes was deemed the winner of that election and therefore the Board should abide by those same rules and conduct an election with the individual receiving the most votes, and not a majority vote of the board, appointed to the seat. It was also noted that in a general election, constituents from a given district vote on candidates for that district, however in filling the vacant seats, the Board, comprised of individuals from all districts, was voting to appoint individuals to the vacant seat. There was a suggestion that the process should be reviewed so that constituents from districts be given the opportunity to vote in elections to fill vacant seats. In response to this request, there were multiple comments suggesting that CAC's process of giving the Board the authority to appoint individuals to fill vacant seats was common practice among other boards and commissions. During discussion, CAC Board member Gary Caloroso announced that District 2 nominee Bob Schaar had withdrawn his name from consideration, leaving four candidates: Mr. Shahrokh, Mr. Wibbenmeyer, Mr. Wildgoose and Mr. Wolk.

At the conclusion of discussion, an amended motion was offered:

AMMENDED MOTION:

Move to hold an election of the District 2 nominees with the candidate receiving the most votes appointed to the District 2 producer alternate seat for term ending October 31, 2021.

(Karaoghlanian/Cornell) MSF 5 Yea/7 Nay

MOTION 21-3-4-3

The amended motion failed and Mr. Grether conducted a vote on the main motion:

MAIN MOTION:

Move to hold an election of the District 2 nominees and if there is a majority Board support for one candidate, that candidate shall be appointed to the District 2 producer alternate member seat for the term ending October 31, 2021. If there is not a majority Board support for one candidate, the candidate who received the fewest number of votes is eliminated and then a runoff election is held among the candidates remaining until a majority of Board support is reached and that individual shall be appointed to the District 2 producer alternate member seat for term ending October 31, 2021.

(Lloyd-Butler/Douglas) MSC Unanimous

MOTION 21-3-4-4

Mr. Grether then requested that Board members send the name of their nominee for the District 2 producer alternate member seat to Ms. Aymami through the chat feature. Ms. Aymami tallied the vote results and reported that Mr. Wolk had received the required board majority of 11 votes and was appointed to the District 2 producer alternate member seat. She announced how each board member voted, indicating that Mr. Wibbenmeyer and Mr. Wildgoose each had received one vote. The recorded vote tally can be found as part of Exhibit E attached to these minutes, identified as **MOTION 21-3-4-5**.

The District 2 Producer Alternate Member Nominee Affiliations and Candidate Statements are included in the March 2021 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 4.

ITEM #5 CONSIDER APPOINTMENT OF DISTRICT 3 PRODUCER ALTERNATE MEMBER TO FILL EXISTING VACANCY FOR TERM ENDING OCTOBER 31, 2021

Mr. Grether stated that there was one declared nominee, Maureen Cottingham, for the District 3 producer alternate member seat. He asked for additional nominees from the floor, hearing none, the following motion was offered:

MOTION:

Move to appoint Maureen Cottingham to the District 3 producer alternate seat for the term ending October 31, 2021.

(Cole/Laenen) MSC Unanimous

MOTION 21-3-4-6

The District 3 Producer Alternate Member Nominee Affiliations and Candidate Statements are included in the March 2021 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 5.

ITEM #6 TREASURER'S REPORT

Consider Acceptance of 2019-20 Audited Financial Statements – Item 6.A.

Monica Arnett, CAC vice president of finance and administration, stated that the audited financial reports and supplemental documentation prepared by Macias, Gini, O'Connell (MGO) were included in the board packet and introduced Linda Hurley, MGO partner, to present the results of the 2019-20 audit.

Ms. Hurley presented an overview of the annual audit process and procedures, as well as a summary of the findings included in the report. She noted that MGO issued an unmodified opinion as a result of their audit of the 2019-20 CAC financials, noting that there were no significant findings to report. Ms. Hurley reported that while CAC is already aware that the organization's bid policy differs from CDFA guidelines, MGO was required to note this discrepancy in their review of compliance against agreed-upon procedures. She stated that CAC practice was in compliance with CAC policy, which is to obtain multiple bids for purchases in excess of \$25,000, versus the \$5,000 threshold suggested by CDFA.

MOTION:

Move to accept the 2019-20 Audited Financial Statements as presented.

(Lloyd-Butler/Cole) MSC Unanimous

MOTION 21-3-4-7

The 2019-20 Audited CAC Financial Statements and Supplemental MGO Required Communication Letters are included in the March 2021 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 6.A.

Consider Approval of Budget Amendment No.1 – Item 6.B.

Jason Cole, CAC treasurer, stated that the 2020-21 budget amendment as presented increases the beginning reserves balance to reflect the actual beginning balance, and adds \$5,000 to the GEM scarring project to replace windscreens damage in recent wind events. It was noted that, if approved, the increased funding for the GEM scarring project would be taken from reserves.

MOTION:

Move to approved 2020-21 CAC Budget Amendment No.1 as presented.

(Caloroso/Douglas) MSC Unanimous

MOTION 21-3-4-8

2020-21 Budget Amendment No. 1 is included in the March 2021 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 6.B.

Consider Acceptance of Finance Committee Recommendation Regarding CAC Line of Credit – Item 6.C.

Mr. Cole stated that the Finance Committee had reviewed the terms of CAC's line of credit and recommended approval to the Board. It was noted that the line of credit would be for a two-year term and had no fees. Mr. Cole stated that CAC had not used the line of credit in recent years.

MOTION:

***Move to approve the CAC Line of Credit as presented.
(Lloyd-Butler/Prechtl) MSC Unanimous***

MOTION 21-3-4-9

The CAC Line of Credit Renewal Information is included in the March 2021 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 6.C.

ITEM #7 CONSIDER REDISTRICTING COMMITTEE RECOMMENDATION REGARDING CAC 2021-2026 DISTRICT LINES

Ryan Rochefort, CAC Redistricting Committee chair, presented an overview of the redistricting requirements and process the redistricting committee used to evaluate production data to determine if redistricting was necessary. He stated that the committee reviewed two-, three-, four- and five-year average production datasets and determined the five-year average production was the most representative of the industry. Mr. Rochefort noted that while all production datasets were within the guidelines for approved district boundaries, and redistricting was not required, the committee still considered multiple options to balance production more evenly in Districts 3, 4 and 5. To move production in these districts, however, required a move of contiguous zip codes, where available options were limited, and all contiguous zip codes contained substantial volume. Upon further review of these options, the new district compositions did not make sense geographically or for the goal of keeping like minded growers with similar industry issues within the same districts. In conclusion, Mr. Rochefort reported that upon review of the data the Redistricting Committee determined the current district lines represent a relatively equal percentage of avocado production and continue to equitably represent the California avocado industry. As such, it was the recommendation of the Redistricting Committee that existing district lines remain in place for the period of November 1, 2021 through October 31, 2026.

MOTION:

***Move to approve Redistricting Committee recommendation of leaving existing district boundary lines in place for the period of November 1, 2021 through October 31, 2026.
(Karaoghlanian/Malfitano) MSC Unanimous***

MOTION 21-3-4-10

The Redistricting Committee Presentation is included in the March 2021 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT B.

ITEM #8 MARKETING REPORT

Summary of February 16, 2021 Marketing Committee Meeting – Item 8.A.

Gary Caloroso, CAC Marketing Committee chair, reported on activity that the marketing team had conducted which included a virtual meeting with all AMRIC handlers in early-February to provide an overview of CAC's marketing plans for the season and meetings between retailer marketing directors and retailers to develop custom marketing programs. In addition, the Marketing Committee met on February 16, 2021 and discussed crop projections and timing, and heard an update from the marketing team on the 2021 marketing programs.

Consumer Campaign – Item 8.B.

1. 2021 Creative; 2. 2021 Media Buy; 3. Public Relations; 4. Living Well Brand Advocates

Members of the CAC marketing team and agencies provided an overview of the 2021 marketing program including updates to the 'Premium Californian' target, planned outdoor activity and locations, audio and digital partners, 2021 campaign artwork updates, media timing and spending, as well as public relations activity and living well brand advocate program.

The 2021 Consumer Marketing Presentation is included in the March 2021 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT C.

Shop.CaliforniaAvocado.com Update – Item 8.B.5

Jan DeLyser, CAC vice president of marketing, presented a CAC Merchandise Shop Report which included shop sales and visitor performance metrics for the month, fiscal year-to-date and shop-to-date periods. This new report also included highlights of promotion and engagements on shoppable posts, as well as overall observations. Ms. DeLyser noted that while the shop was underperforming against plan, largely due to the pandemic and social unrest that delayed the launch of the site, the daily operations were performing well and cash flow, excluding marketing expenses, was positive.

The CAC Merchandise Shop Report Through January 2021 is included in the March 2021 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT D.

During discussion, Mr. Cornell remarked that money was being spent online, but asked about what was being done at retail and point-of-sale (POS) programs. He noted that it had been years since he had seen California avocados distinguished by POS, aside from the sticker. Ms. DeLyser replied that the Board would be receiving an update in May regarding retail activity, but that CAC utilizes Viant to inform consumers of which retailers near them are carrying California avocados. Dave Anderson, CAC retail marketing director, also commented that the current trend within retail was to opt-out of in-store POS materials, however CAC still sends out approximately 5,000 California avocado display bins. Additional comments from Board members indicated that due to the pandemic in-store activity, such as demos had been cut back, and that while POS may not be seen at every store, many of the tier one accounts still utilized POS. It was also noted that in the past CAC had notified growers of which promotions were running and where so that growers could go to those locations to see the promotions firsthand.

CAC Board member John Lloyd-Butler commented on Chipotle's Superbowl commercial which featured where the food came from and suggested that perhaps CAC should steer messaging to the where/locality piece of California avocados. Mr. Bellamore commented that CAC's social activity was full of local messaging and at retail CAC works with each company to build a customized plan which incorporates various consumer marketing messages, including locality.

Mr. Cornell reiterated his position that the decision to buy is made at point of purchase and that is where country of origin can be called out through POS. He noted that Spotify and Facebook were more generic advertising. Ms. DeLyser stated that all of CAC's advertising and promotions were California specific and not generic. Mr. Cornell concluded in saying that CAC was not doing a very good job at differentiating.

ITEM #9 HASS AVOCADO BOARD BOLD PROGRAM

Mr. Grether reported that previously the Hass Avocado Board (HAB) had presented the Board Leadership Development (BOLD) program to the CAC Board, which the CAC Board approved sponsoring one program participant, so long as they were a CAC Board member or alternate.

Mr. Grether stated that CAC had been informed by HAB that CAC Board member Rachael Laenen had applied for the BOLD program.

Ms. Laenen addressed the Board, stating that she felt the BOLD program would be a valuable opportunity and that she was interested in participating and providing feedback as to whether CAC should continue sponsoring participants in the future. She noted that she hoped to use this as an opportunity for CAC to help shape the future of the BOLD program.

Connor Huser, CAC handler alternate member, stated that he had also applied for the BOLD program and saw it as an opportunity to learn more about the avocado industry and become more involved.

In response to Mr. Grether's inquiry about whether CAC needed to act on candidates at this meeting, John McGuigan with HAB stated that HAB was hoping CAC would decide today on who they would sponsor so that HAB can then review the remaining candidates and determine who HAB would fund/sponsor on their end. Mr. McGuigan also commented that it could be Fall before the BOLD program met in-person, therefore the cost for participation could be half the initial estimate since part of the program would be conducted virtually.

The CAC board discussed, with multiple comments made in support of sponsoring both Ms. Laenen and Mr. Huser in the BOLD program.

MOTION:

***Move to sponsor Rachael Laenen and Connor Huser in the HAB BOLD program.
(Karaoghlanian/Douglas)***

It was suggested that a not to exceed dollar amount be placed on CAC's sponsorship of the program participants.

AMENDED MOTION:

***Move to sponsor Rachael Laenen and Connor Huser in the HAB BOLD program not to exceed \$9,000 total during the 2020-21 fiscal year.
(Cornell/Lloyd-Butler) MSC 11 Yea/1 Abstain***

MOTION 21-3-4-11

Ms. Arnett stated that while the current budget had not allocated funds specifically for BOLD participation, the current Board member expense line item was sufficient to cover the \$9,000 expense.

ADJOURN MEETING

Mr. Cornell stated that he had a few comments and potential motions he would like to make. Mr. Grether responded that Mr. Cornell could make comments, but that if his proposed motions did not tie to an agenda item, the Board was unable to take action.

Mr. Cornell remarked that his sense was that authority to conduct meetings was governed by Robert's Rules of Order (RRO), however, after the events of the last meeting and members comments limited during discussion, he had reviewed RRO and could find nothing supporting this action. Mr. Cornell requested to make a motion to have RRO govern CAC meetings. Mr. Grether responded that the motion was unnecessary, as CAC's Bylaws already specific under Parliamentary Authority that RRO shall govern meetings of the Commission.

Mr. Cornell then asked if the motion he had made at the February Board meeting to request that CAC's attorneys ask the International Trade Commission to begin monitoring Hass avocado imports was in violation of RRO since it was not listed on the agenda. Mr. Grether explained that

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motion was not in violation, as it fell under the Section 201 discussion that had been noticed under the agenda.

Lastly, Mr. Cornell commented that as a practice, CAC places the Public Comment at the beginning of the meeting to allow the public an opportunity to comment on agenda items. He noted that at the February meeting his motion was on an item not specifically listed on the agenda and therefore the public was not provided the opportunity to comment on his motion. He requested that the Board consider allowing the public to provide comments during the meeting on motions on items not listed on the agenda. Mr. Grether stated that he would send the request to the Executive Committee for consideration.

Mr. Grether adjourned the meeting at 12:47 p.m.

Respectfully submitted,

April Aymami, CAC Industry Affairs Director

I certify that the above is a true statement of the Minutes of March 4, 2021 approved by the CAC Board of Directors on May 20, 2021.

Jessica Hunter, CAC Board Secretary

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

- EXHIBIT A March 2021 Board Packet
- EXHIBIT B The Redistricting Committee Presentation
- EXHIBIT C 2021 Consumer Marketing Presentation
- EXHIBIT D CAC Merchandise Shop Report Through January 2021
- EXHIBIT E March 4, 2021 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>Zoom Web/Teleconference</i>	Meeting Date: <i>March 4, 2021</i>
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<i>Attendees Who Voted</i>	<u>MOTION</u> <u>21-3-4-1</u>	<u>MOTION</u> <u>21-3-4-2</u>	<u>MOTION</u> <u>21-3-4-3</u>	<u>MOTION</u> <u>21-3-4-4</u>	<u>MOTION</u> <u>21-3-4-5</u>	<u>MOTION</u> <u>21-3-4-6</u>	<u>MOTION</u> <u>21-3-4-7</u>	<u>MOTION</u> <u>21-3-4-8</u>	<u>MOTION</u> <u>21-3-4-9</u>	<u>MOTION</u> <u>21-3-4-10</u>	<u>MOTION</u> <u>21-3-4-11</u>
Ryan Rochefort	Yea	Yea	Nay	Yea	Wolk	Yea	Yea	Yea	Yea	Yea	Yea
Jessica Hunter	Yea	Yea	Nay	Yea	Wolk	Yea	Yea	Yea	Yea	Yea	Yea
Ohannes Karaoghlanian	Yea	Yea	Yea	Yea	Wildgoose	Yea	Yea	Yea	Yea	Yea	Yea
John Cornell	Yea	Yea	Yea	Yea	Wibbenmeyer	Yea	Yea	Yea	Yea	Yea	Yea
Rob Grether	Did Not Vote	Did Not Vote	Did Not Vote	Did Not Vote	Wolk	Did Not Vote	Did Not Vote				
John Lloyd-Butler	Yea	Nay	Nay	Yea	Wolk	Yea	Yea	Yea	Yea	Yea	Yea
Jason Cole	Yea	Nay	Yea	Yea	Wolk	Yea	Yea	Yea	Yea	Yea	Yea
Rachael Laenen	Yea	Yea	Yea	Yea	Wolk	Yea	Yea	Yea	Yea	Yea	Abstain
Randy Douglas	Yea	Yea	Nay	Yea	Wolk	Yea	Yea	Yea	Yea	Yea	Yea
Andrew Prechtl	Yea	Yea	Nay	Yea	Wolk	Yea	Yea	Yea	Yea	Yea	Yea
Peter Shore	Yea	Yea	Yea	Yea	Wolk	Yea	Yea	Yea	Yea	Yea	Yea
Gary Caloroso	Yea	Yea	Nay	Yea	Wolk	Yea	Yea	Yea	Yea	Yea	Yea
Daniella Malfitano	Yea	Yea	Nay	Yea	Wolk	Yea	Yea	Yea	Yea	Yea	Yea
Outcome	Unanimous	10 Yea 2 Nay	5 Yea 7 Nay	Unanimous	11 Wolk 1 Wildgoose 1 Wibbenmeyer	Unanimous	Unanimous	Unanimous	Unanimous	Unanimous	11 Yea 1 Abstain