

**CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
May 16, 2019**

A meeting of the California Avocado Commission (CAC) Board was held on Thursday, May 16, 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
Ohannes Karaoghlanian
John Lamb
Daniella Malfitano
Ryan Rochefort
Peter Shore
Charley Wolk

ALTERNATES PRESENT

Michael Perricone
Neil Witt

MEMBERS ABSENT

Tyler Cobb
Ed McFadden

ALTERNATES ABSENT

Bryce Bannatyne
John Lloyd-Butler
Bob Schaar

STAFF PRESENT

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

OFFICIALLY PRESENT

Ben Kardokus, CDFA
Martin Ludvigsen, Mullen
Andrea Ricci, USDA

GUESTS PRESENT

Jennifer Baker
Will Carleton
Emiliano Escobedo
Candace Hollar
Marji Morrow
Steven Muro
Laura Paden
Rebecca Wojicki

ITEM #1 CALL TO ORDER

Roll Call/Establish Quorum – Item 1.A.

John Lamb, CAC chairman, called the meeting to order at 9:20 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 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.C.
(Caloroso/Cole) MSC Unanimous***

MOTION 19-5-16-1

The Consent Calendar is included in the May 2019 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 TREASURER'S REPORT

Consider Approval of Budget Amendment #2 – Item 4.B.

Rob Grether, CAC treasurer, provided an overview of the items included in Budget Amendment #2 which increases expenses by \$509,200, and grant revenues by \$200,000, for a net increase in spending of \$309,200. He noted that the proposed budget amendment increased the marketing media budget by \$300,000, as recommended by the Marketing Committee to extend marketing support for an additional 4 weeks and into August.

MOTION:

The CAC Board of Directors moves to approve the 2018-19 Budget Amendment #2 as presented.

(Grether/Karaoghlanian) MSC Unanimous

MOTION 19-5-16-2

The Draft CAC 2018-19 Budget Amendment #2 is included in the May 2019 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 4.B.

Consider Finance Committee Recommendation on Corporate Insurance – Item 4.A.

Mr. Grether reported that the Finance Committee had reviewed the schedule of corporate insurance prepared by management, stating that there were no changes in coverage or carriers and that premiums have decreased from the previous year. He noted that the Finance Committee had discussed the possibility of increasing CAC's umbrella policy, however CAC's insurance broker believes coverage is adequate and the cost to increase coverage was significant and not warranted.

MOTION:

The CAC Board of Directors approves the corporate insurance schedule as presented.

(Cole/Douglas) MSC Unanimous

MOTION 19-5-16-3

The 2018-19 Schedule of Corporate Insurance is included in the May 2019 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 4.A.

ITEM #5 CHAIRMAN'S REPORT

Grievance Update – Item 5.A.

Mr. Lamb, reported that in March a grievance claim had been filed by James Johnson asserting that three CAC Board members, who were also board members of the Hass Avocado Board (HAB), had a conflict of interest and should not have participated in the vote to change the HAB rebate percentage that took place during CAC's February 21, 2019 Board meeting. Mr. Lamb stated that in accordance with CAC Grievance Procedures, he had appointed a Grievance Committee, which met in April and had requested additional supporting documentation from the aggrieved party. He indicated that Mr. Johnson had not provided any additional supporting documents, however submitted a letter formally withdrawing this grievance claim. As requested in Mr. Johnson's letter, Mr. Lamb provided board members with a copy of the letter.

Mr. Lamb stated that he did not agree with some of the claims made in Mr. Johnson's letter, specifically the comments regarding the way staff handled themselves during the HAB assessment rebate decision. He commended the board for discussing an important industry issue and taking action, even if it was the unpopular opinion. Tom Bellamore, CAC president, remarked that staff has an obligation to bring industry issues of importance, such as the HAB rebate discussion, before the board for deliberation.

The Johnson Withdrawal of Grievance Claim letter is attached to the permanent copy of these Minutes and identified as EXHIBIT B.

ITEM #6 GOVERNANCE COMMITTEE REPORT

Mr. Grether, CAC governance committee chair, reported that the Governance Committee had met twice since being appointed in February with the goal of reviewing recent changes to CAC's governance structure to ensure that these changes had the Board's desired outcome. In addition to general clean-up of nomination and candidacy forms, the Committee worked to clarify areas of ambiguity regarding farm managers' eligibility to serve as producers on the CAC Board.

Consider Revisions to Election Procedures – Item 6.A.

Mr. Grether called the Board's attention to proposed amendments to the CAC Election Procedures, included in the May 2019 Board Packet, which reduced the number of signatures required for handler nomination and added the use of a random order generator for placement of candidates' names on ballots. He noted that the Governance Committee recommended board approval of these amendments at the May meeting so they could be effective for the 2019 CAC General Election which commences July 15, 2019.

MOTION:

The CAC Board of Directors approves the Amended Election Procedures as presented in the May 2019 Board Packet as Item 6.A.

(Dominguez/Wolk) MSC Unanimous

MOTION 19-5-16-4

The Amended CAC Election Procedures is included in the May 2019 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 6.A.

Mr. Grether stated that in addition to the changes approved to the Election Procedures, the Governance Committee had reviewed CAC election documents, specifically required forms for nomination and candidacy, to provide greater clarity to areas of farm manager ambiguity. These forms also were reviewed with the goal of ensuring the information requested was not onerous and included the most relevant and pertinent information. Mr. Grether introduced April Aymami, CAC industry affairs director, to present the specific amendments as recommended by the Governance Committee.

Ms. Aymami presented for board consideration the following amendments to CAC Election nomination and candidacy documents:

Affidavit of Eligibility

1. Add the definition, from CAC Law, of a producer under the Qualifications for Nomination section.
2. Change all language on the form that references "statement of willingness to serve" to "certify eligibility to serve".
3. In the certification section, include language that the nominee certifies under penalty of perjury that they meet the qualifications for nomination and produce, or cause to be produced, avocados for market on one grove that meets or exceeds the 10,000-pound average annual production threshold.
4. In order to protect clientele of farm managers, remove the request for grove address and zip code.

Nomination Petition

1. Add language stating that persons completing the form (those nominating the candidate) certify they meet the definition of a producer, that is, meet or exceed the 10,000-pound average annual production threshold.

Disclosure of Affiliations

1. Remove the requirement, for both own and manage sections, to declare the percentage of avocado industry income received and instead change language in these sections to read “derive a portion of my gross avocado industry income...”
2. Under the list of avocado industry affiliations:
 - a. **REMOVE** the following categories:
 - i. No other involvement
 - ii. Farm Manager/Consultant
 - iii. Ag Researcher
 - iv. Farm Supplies
 - v. Farm Services
 - vi. Real Estate Services
 - vii. Other interests from which I derive income that is in any way related to the avocado industry
 - b. **MODIFY** the following categories:
 - i. Handler, remove stockholder option and separate into three categories
 1. Handler – Owner/Partner
 2. Handler – Officer/Director
 3. Handler – Employee
 - ii. Second to last item on the list, change to read “Holder of a personal financial interest in the production of avocados outside of the United States.”
 - iii. Last item on the list, change to read “Holder of a personal financial interest in a handling operation that imports avocados from outside of the United States.”

Candidate Statement

1. Remove residence address, city and zip
2. Remove grove address and zip, but leave field for Grove City/Cities
3. Remove Telephone and Fax
4. Remove Email Address
5. Modify the paragraph under “Statement of Qualifications” to read “This form will be included with the ballots to inform growers about your qualifications. Please limit your statement to the space provided.”
6. With the additional room made by the elimination of multiple contact fields, increase the area provided for the “Statement of Qualifications” section.
7. Create form as a fillable PDF file so that candidates may type their information directly into the form to submit.
8. Candidate Statement will be reproduced exactly as submitted and included in CAC Election Ballot mailing. CAC staff will no longer retype candidate statements into a separate form.

MOTION:

***The CAC Board of Directors moves to approve the presented changes to CAC Election nomination and candidacy documents as recommended by the Governance Committee.
(Caloroso/Douglas) MSC Unanimous***

MOTION 19-5-16-5

The Current CAC Election Nomination and Candidacy Documents are attached to the permanent copy of these Minutes and identified as EXHIBIT C.

Mr. Grether reported that as a result of recent changes to CAC Law and Election Procedures, nominees for election to the CAC Board no longer are required to disclose a seat (member or alternate) that they wish to run for, and instead just declare interest in the available seats within their district. This results in odd-year election cycles (i.e. 2017, 2019, etc.), where there are two candidates running for two seats (one member and one alternate), and the voter allowed two votes to cast (which may not be cast for the same candidate). After the 2017 Election, there was

a request for CAC to explore the option of cumulative or ranked choice voting, to allow voters to indicate some form of preference for one candidate over the other(s) when there are multiple votes available to cast.

Mr. Grether stated that the Governance Committee had reviewed CAC's current voting process, along with three additional forms of fair voting methods (limited, cumulative, and ranked choice). The goal of the review was to identify which voting method best allowed voters to indicate some form of preference for one candidate over the other when there are multiple votes available to cast, while also being straight-forward and easily understood by voters. Mr. Grether also noted that CAC staff had discussed all three fair voting methods with CDFA, and they had no objection to CAC adopting a new fair voting method. He reported that based on their review and discussion, the Governance Committee recommended that the CAC Board implement Ranked Choice Voting for CAC's General Elections.

Ms. Aymami presented the details and sample ballot of the Ranked Choice Voting method. It was suggested that the ballot be modified to allow candidates to indicate their preferred seat (member or alternate) so that voters are informed of the preference when casting their votes. Board discussion of the "Winner Determination" language indicated that the current proposed method, which offered the second available seat to the candidate with the highest 2nd choice votes, posed an issue as it did not account for any 1st choice votes received by candidates. Consensus was that the Board approved of moving to the Ranked Choice voting method, but that Mr. Grether should work with staff to modify the winner determination protocol.

MOTION:

The CAC Board of Directors moves to approve the Governance Committee's recommendation to implement Ranked Choice Voting for CAC Elections, with direction given to have CAC staff work with Rob Grether, Governance Committee Chairman, to modify the winner determination protocol.

(Wolk/Cole) MSC Unanimous

MOTION 19-5-16-6

The Sample Ranked Choice Voting Ballot is attached to the permanent copy of these Minutes and identified as EXHIBIT D.

Ms. Aymami reported that action taken by the board with regard to nomination, candidacy and fair voting method/protocol would require further amendment to CAC's Election Procedures. She highlighted sections of the CAC Election Procedures that appeared would require amendment, however stated that instead of the Board approving specific changes now, it would be best to provide CAC staff the authority to work with legal counsel to identify all applicable sections of the Election Procedures that required amendment, and submit those amendments to CDFA for concurrence. In response to a request, CAC management indicated that once the amendments were finalized with legal counsel they would be distributed to the Board for review, prior to submission to CDFA.

MOTION:

The CAC Board of Directors moves to direct staff to work with legal counsel to make all necessary amendments to the CAC Election Procedures to incorporate the revisions to CAC's election documents (nomination, candidacy and fair voting method/protocol) approved by the Board during the May 16, 2019 meeting.

(Karaoghlanian/Cole) MSC Unanimous

MOTION 19-5-16-7

ITEM #7 MARKETING REPORT

2018-19 Marketing Campaign Update – Item 7.A.

Jan DeLyser, CAC vice president marketing, presented an update on the 2018-19 marketing campaign and key activations to-date. Program areas reported on featured consumer advertising (outdoor/audio/digital/custom content/social), consumer public relations, registered dietitian nutritionist program, retail influencer program, retail support programs (social/digital/in-store/promotional support), retail trade advertising, trade public relations, foodservice (chain promotions/menu ideation/events/advertising/public relations), and export programs. In addition, Ms. DeLyser provided an update on The CADO exhibit which was scheduled to open in June 2019 in San Marcos.

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

Website Refresh – Item 7.B.

Zac Benedict, CAC online marketing director, introduced Martin Pagh Ludvigen with Mullen, CAC's consumer advertising agency, and together they presented an update on the CaliforniaAvocado.com website refresh project. The presentation included an overview of the redesign process, digital partners used and highlights of the newly revised retail, foodservice, media and grower stories sections.

The 2019 Website Refresh presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT F.

PMA Logistics – Item 7.C.

Angela Fraser, CAC marketing manager, reported that PMA's Fresh Summit Convention would be held in Anaheim and would take place October 17-19, 2019. She provided an overview of the schedule, avocado-related exhibitors, new expo floor plan, CAC booth layout and booth staffing. Ms. Fraser noted that CAC had a block of rooms and limited supply of complimentary Expo Only passes. She stated that CAC board members would have priority status on distribution of passes and access to, at board member's expense, CAC's room block.

The 2019 PMA Logistics presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT G.

ADJOURN FOR LUNCH

Mr. Lamb adjourned the Board for lunch at 11:45 a.m. and reconvened the meeting at 12:27 p.m.

ITEM #8 INDUSTRY AFFAIRS REPORT

Food Safety/Recall Update – Item 8.A.

Ken Melban, CAC vice president of industry affairs, provided an update on the voluntary food safety recall that took place in late-March 2019. His report identified the measures taken by the involved handler, CAC and industry members to proactively manage the crisis while minimizing continued publicity of the story. Mr. Melban stated that instead of issuing a press release, he had worked to provide handlers with messaging for their customers which communicated that the incident was isolated, that no fruit had tested positive and that the recall was issued out of an extreme abundance of caution. While the handlers felt pressure, Mr. Melban commended their efforts to hold the line, stick to the talking points and not do anything to further perpetuate the story. He stated that CAC had scheduled a handler food safety crisis management meeting for June 5.

Mr. Bellamore stated that this was the first-ever recall on California avocados and for it to occur at the start of the season could have been extremely detrimental to the industry, however it was

a non-issue. He said that Mr. Melban deserved accolades and credit for managing this crisis from start to finish. Mr. Lamb also commended Mr. Melban for his work on this issue of critical importance to the industry.

2019 General Election Schedule – Item 8.B.

Ms. Aymami called the Board's attention to the 2019 General Election Schedule included in the Board Packet, highlighting seats available in the upcoming election and key dates on the schedule. She noted that both member and alternate seats would be filled during the upcoming cycle.

The 2019 General Election Schedule is included in the May 2019 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 8.B.

2018 Acreage Report – Item 8.C.

Ms. Aymami presented the results of the 2018 California avocado acreage survey which indicated there were nearly 55,000 planted and 47,000 producing acres of avocados within the state. She provided an acreage breakdown by county, including year-over-year change analysis. In addition, a detailed 2018 Statewide Avocado Acreage & Condition Analysis report, prepared by Land IQ, was distributed.

The California Avocado Acreage Inventory Update presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT H.

The 2018 Statewide Avocado Acreage & Condition Analysis Report is attached to the permanent copy of these Minutes and identified as EXHIBIT I.

Results of Grower Crop Estimating Survey – Item 8.D.

Ms. Aymami provided the results of the annual mid-season grower crop estimating survey, reporting a response rate of 42-percent of acreage with over 900 survey responses received. She reported that while the grower survey results had yielded a crop volume of 218.8 million pounds, for various reasons, including historical county accuracy on mid-season surveys and the impact of the July 2018 heat event, CAC management supported the handler survey results of 170 million pounds. Ms. Aymami shared details regarding the 4-year county accuracy factor, indicating San Diego County consistently overestimates, while most all other counties underestimate. She also identified nearly 14,000 acres within the state that suffered some degree of impact from the extreme heat in July 2018. Adjusting grower crop survey results for 4-year accuracy and heat impacted acreage resulted in a crop volume of 180 million pounds.

Ms. Aymami reported that CAC would be conducting a set of crop meetings with grove managers and handler field representatives at the end of May to discuss the mid-season update further, at which point the mid-season crop update would be shared with the industry. She noted that unless there was consensus at the crop meetings to support the grower survey results of 218.8 million pounds, CAC would release the handler survey number of 170 million pounds as the mid-season updated volume, with an explanation of the possible reasons for the discrepancy between the two survey volumes.

The 2019 Mid-Season Crop Update presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT J.

ITEM #6 GOVERNANCE COMMITTEE REPORT (CONTINUED)

Ranked Choice Voting – Winner Determination Protocol

Mr. Grether presented an alternate winner determination protocol for Ranked Choice Voting. In the revised protocol the candidate with the most first choice votes is offered first choice of the available seats. The remaining seat would be offered to the candidate with the highest

combined total of first and second choice votes. He demonstrated how this method of calculation would work using an Excel spreadsheet and three sample candidates. Mr. Grether stated that the spreadsheet could be shared with CDFA to ease the burden on their staff in tabulating election results. There was consensus that Mr. Grether's suggested winner determination protocol addressed concerns raised by the Board earlier.

ITEM #9 PRODUCTION RESEARCH REPORT

Tim Spann, CAC research program director, called the Board's attention to the Production Research Report included as Item #9 of the May 2019 board packet, which included a summary of the May 7, 2019 meeting of the Production Research Committee (PRC). Of note, Mr. Spann highlighted the PRC's request for CAC staff to pursue a Section 18 Emergency Exemption Registration for Orondis use in avocados, as well as the PRC's issuance of a call for proposals for screening trials of pre- and postemergence herbicides in avocados. In response to an inquiry, Mr. Spann reported that the herbicide Glufosinate was currently going through the IR-4 approval process, with registration expected in 2021.

The Production Research Report is included in the May 2019 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 9.

ADJOURN MEETING

Mr. Lamb adjourned the meeting at 1:25 p.m. The next Board meeting will be held on Thursday, August 15, 2019 in Irvine, California.

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

Respectfully submitted,

April Aymami, CAC Industry Affairs Director

I certify that the above is a true statement of the Minutes of May 16, 2019 approved by the CAC Board of Directors on August 15, 2019.

Jessica Hunter, CAC Board Secretary

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

- EXHIBIT A May 2019 Board Packet
- EXHIBIT B Johnson Withdrawal of Grievance Claim Letter
- EXHIBIT C Current CAC Election Nomination and Candidacy Documents
- EXHIBIT D Sample Ranked Choice Voting Ballot
- EXHIBIT E Marketing Campaign Update Presentation
- EXHIBIT F 2019 Website Refresh Presentation
- EXHIBIT G 2019 PMA Logistics Presentation
- EXHIBIT H California Avocado Acreage Inventory Update Presentation
- EXHIBIT I 2018 Statewide Avocado Acreage & Condition Analysis Report
- EXHIBIT J 2019 Mid-Season Crop Update Presentation
- EXHIBIT K California Avocado Commission Dashboard, Through April 2019
- EXHIBIT L May 16, 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

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>May 16, 2019</i>
--	---	---

Attendees Who Voted	<u>MOTION</u> <u>19-5-16-1</u>	<u>MOTION</u> <u>19-5-16-2</u>	<u>MOTION</u> <u>19-5-16-3</u>	<u>MOTION</u> <u>19-5-16-4</u>	<u>MOTION</u> <u>19-5-16-5</u>	<u>MOTION</u> <u>19-5-16-6</u>	<u>MOTION</u> <u>19-5-16-7</u>
Ryan Rochefort	Yea						
Jessica Hunter	Yea						
Ohannes Karaoghlanian	Yea						
Charley Wolk	Yea						
Rob Grether	Yea						
John Lamb	Yea						
Jason Cole	Yea						
Randy Douglas	Yea						
Salvador Dominguez	Yea						
Peter Shore	Yea						
Gary Caloroso	Yea						
Daniella Malfitano	Not Present	Not Present	Not Present	Yea	Yea	Yea	Yea
Outcome	Unanimous						