

**CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
May 28, 2020**

A web/teleconference meeting of the California Avocado Commission (CAC) Board was held on Thursday, May 28, 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
Doug O'Hara
Michael Perricone

MEMBERS ABSENT

None

ALTERNATES ABSENT

Daryn Miller

STAFF PRESENT

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

OFFICIALLY PRESENT

Katie Cook, USDA
Ben Kardokus, CDFA
Andrea Ricci, USDA

GUESTS PRESENT

David Anderson
Jennifer Baker
Carolyn Becker
Emiliano Escobedo
Candace Hollar
Kathleen Johnson
Lauren Kelley
Kim Kurata
John McGuigan
Scott Model
Marji Morrow
Steven Muro
Jill Netzel
Laura Paden
Martin Pagh Ludvigsen
Bryan Reugebrink
Samantha Schaitberger
Matt Schraut
Bill Steed
Brittney Theriault
Sean Wright

ITEM #1 CALL TO ORDER

Roll Call/Establish Quorum – Item 1.A.

John Lamb, CAC chairman, called the meeting to order at 9:30 a.m. with a quorum present.

Introductions – Item 1.B.

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

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. There was a request to add a section regarding the USDA redaction discussion to Item 8 of the February minutes. Ms. Aymami suggested that the February minutes be removed from the consent calendar, modified as requested and presented for approval at the next CAC Board meeting. At the conclusion of this discussion the following motion was put forward:

MOTION:

The CAC Board of Directors approves the Consent Calendar Items 3.B, 3.C and 3.D as presented.

(McFadden/Cole) MSC Unanimous

MOTION 20-5-28-1

The Consent Calendar is included in the May 2020 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Items 3.B through 3.D.

ITEM #4 TREASURER'S REPORT

2019-20 Revised Crop Projections and Revenue Scenarios – Item 4.A.

Rob Grether, CAC treasurer, stated that the Finance Committee had recently met and reviewed various revenue scenarios based on year-to-date actuals, crop sizing and projected market performance. He noted that even if the market experiences a downturn, due to a healthy reserve balance, financially CAC should remain in a good ending position.

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

Mr. Grether reported that the Finance Committee had reviewed the schedule of corporate insurance prepared and recommended by management, which included the addition of a one million dollar cyber liability policy to protect CAC in the event of a data breach with the e-commerce website. He explained that the additional policy was estimated in the packet write-up at \$3,500, but the actual cost had come back lower at \$2,800.

MOTION:

***The CAC Board of Directors approves the corporate insurance schedule as presented.
(Karaoghlanian/Douglas) MSC Unanimous***

MOTION 20-5-28-2

The 2019-20 Schedule of Corporate Insurance is included in the May 2020 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 4.B.

ITEM #5 MARKETING REPORT

Tom Bellamore, CAC president, stated that management had endeavored to keep the Board updated, more than typical, on the changes that have occurred as a result of the current pandemic. He reported that during the time since the Board last met in February, quite a few adjustments had been made to the marketing programs and management had updated the Board throughout this period.

Jan DeLyser, CAC vice president marketing, stated that a complete dashboard document was not available for the current period, but provided a modified dashboard update including crop movement and measures, as well as retail sales and volume details, through April 2020.

The California Avocado Commission Modified Dashboard Update, Through April 2020 is attached to the permanent copy of these Minutes and identified as EXHIBIT B.

2019-20 Marketing Campaign Update – Item 5.A.

Ms. DeLyser provided an overview of marketing plan changes in response to COVID-19, including media, social, consumer public relations, consumer trade, merchandising, export promotions and foodservice programs. It was noted in many instances budget shifts occurred between program areas (i.e. media outdoor to digital media), which was at management's discretion to adapt to current consumer trends and did not require a budget amendment. Ms. DeLyser highlighted many programs that have been able to successfully adapt to the "new normal" which included social content focused on safe food handling and simple at-home recipes, an increase in the number of bloggers to develop engaging content to be shared on CAC's platforms, chef partner program that delivered an eight course meal to influential media, transition of a traditional grove tour to a virtual grove tour, ongoing personalized promotion programs with retailers, and new activities alongside redesigned promotions to support foodservice partners.

Mr. Bellamore commented that CAC was pleased to see certain retail and foodservice partners coming online with programs that should help relieve some of the current market pressure on small-sized fruit. Ms. DeLyser said the retail marketing directors and foodservice agency personnel were aware of the need to improve the market on small-sized fruit and were actively looking for opportunities.

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

Website Refresh – Item 5.B.

Zac Benedict, CAC online marketing director, reported on the current CaliforniaAvocado.com website refresh project with the goals of reducing operating costs, streamlining the CMS system, optimizing mobile site speed and user experience, and creating long term scalability. The project began in February 2019 and the live redesigned site is expected to launch September 2020. Mr. Benedict noted that in September 2019, through an RFP process, Mullen Lowe Profero was awarded the website redesign project.

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

E-Commerce Update

Ms. DeLyser provided an update on the e-commerce project approved by the Board in February noting that due to COVID-19 related delays, the site launch had been pushed back until September. She stated that work was still being done behind the scenes to build out the site and that in-studio and lifestyle photography was scheduled within the next two weeks. Ms. DeLyser also reported that based on feedback from the Board in February, the team had confirmed all products sold on the e-commerce store would be domestically sourced.

PMA Logistics – Item 5.C.

Angela Fraser, CAC director trade affairs, gave an update on PMA's Fresh Summit 2020 Convention considering the COVID-19 situation. She stated that at this point PMA intends to move forward with an in-person event in Dallas, TX in October 2020, but that the health and safety of participants remained a top priority and therefore PMA was closely monitoring the situation and a final decision on the event would be made by June 30, 2020. Should the event continue as planned, Ms. Fraser provided an overview of the schedule, avocado-related exhibitors, expo floor plan, CAC booth layout and booth staffing. She noted that CAC would continue to follow all state and local directives, with the health and safety of CAC staff and agencies being CAC's top priority. As such, current CAC plans could be adjusted, as necessary.

There was a question about whether PMA had considered a virtual format, to which Ms. Fraser stated that PMA is exploring various options and scenarios, but no official announcement would be made until June 30, 2020. Ms. DeLyser noted that PMA would be holding their upcoming foodservice conference as a virtual event and that learnings from that format could help inform their decisions regarding the Fresh Summit Convention.

The Fresh Summit 2020 presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT E.

Mr. Lamb stated that he hoped the CAC Board had viewed the California Avocado Marketing Video that was distributed to the Board internally before it was scheduled to be emailed to industry on May 29, 2020. He commended the marketing team on a job well-done. A comment was made regarding the campaign graphics being used and whether consumer testing had

been done to determine which of the designs was most widely recognized and resonated with consumers. Ms. DeLyser reported that consumer testing was currently underway, and CAC would use that feedback to inform which graphics would be used moving forward. Another comment was made about whether consideration had been given for a program that allowed consumers to create their own avoCAdo artwork, to which Ms. DeLyser said the social and digital teams were working on creative ways to use the campaign to engage with consumers.

ITEM #6 INDUSTRY AFFAIRS REPORT

Mr. Bellamore reported that just as the marketing department had been working to address and adjust to COVID-19, so had the industry affairs department. He noted that an industry-related COVID-19 resources page had been added to the grower website, that CAC had remained engaged at the state and federal level on COVID-related aid programs impacting the agricultural industry and that crop estimating activities continued on schedule.

China Market Access – Item 6.A.

Ken Melban, CAC vice president of industry affairs, stated that after 15 years of work to gain access to China, California avocado access to China had been approved. He reported that the initial agreement had been met on April 17th and in mid-May the final list of handlers had been approved. Mr. Melban noted that in previous years CAC had utilized grant funding for export promotions through the USDA Market Access Program (MAP) and that could be extended to promotions in China next year. He also stated that export programs have historically provided relief to market pressure felt for small-sized fruit, which he also expected could be the case with future exports to China.

Mr. Lamb commended Mr. Melban on his work to secure access to the China market for California avocados.

One board member asked for an update on cadmium, to which Dr. Tim Spann, CAC research program director, responded that CAC had conducted soil and fruit testing at the Pine Tree Ranch demonstration grove but testing was not providing conclusive results, with widely varying data. He noted that in his discussions the inconclusive testing results were being seen in other avocado producing countries as well.

Results of Grower Crop Estimating Survey – Item 6.B.

Ms. Aymami provided the results of the annual mid-season grower crop estimating survey, mid-season handler survey, as well as updated monthly and weekly harvest projections. She reported a response rate representing over 25,500 acres for the grower survey, the largest response received in the past three years. She noted that the grower survey results had yielded a crop volume of 373.65 million pounds (all varieties), which coincided with the mid-season handler survey results of 373 million pounds. Ms. Aymami stated that typically CAC would have conducted field meetings with the handlers to ground truth the results, but in the absence of in-person meetings, calls had been made which indicated support from the handlers for these numbers. She commented that during these discussions there was a consensus that the crop had potentially more fruit, even as much as 400 million pounds, therefore CAC would remain engaged with industry as the season progressed to help ensure CAC's marketing efforts were aligned to support additional fruit volume and a potentially longer season.

The Results of Grower Crop Estimating Survey is included in the May 2020 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 6.B.

ITEM #7 PRODUCTION RESEARCH REPORT

Mr. Bellamore announced that effective June 10, 2020, Dr. Spann would no longer be an employee of the Commission, however, would remain engaged managing CAC's research program as an independent contractor. He noted that Dr. Spann would be taking on additional clientele through his new business endeavor. Mr. Bellamore stated that CAC's research program previously had been managed through independent contractor relationships, and therefore he had no concerns proceeding with this arrangement.

Dr. Spann provided an update on the University of California, Riverside (UCR) efforts to secure funding for the avocado scion and rootstock breeding programs. He indicated that UCR executed a 40-month agreement with Eurosemillas who, in exchange for funding, would have rights to license Tier 3 breeding material to come out of the UCR program. Dr. Spann stated that this agreement should have very little impact on California growers, as California growers would have rights to the material in the U.S.

Cal Poly Rootstock Trial – Item 7.A.

Dr. Spann reported that the Production Research Committee (PRC) met in April and recommended approval of a request for financial support from Cal Poly San Luis Obispo for a new rootstock trial planting to help cover the costs of final planting layout, above ground irrigation parts and installation, tree planting and some drainage work on the site. This trial is one of five locations being planted in 2020 as part of ongoing rootstock screening trials by Dr. Patricia Manosalva. Dr. Spann noted that Cal Poly had held a fundraiser to support this project and that the amount of the funding request was the balance of the project expenses after the \$25,000 fundraiser offset. He commented that CAC had been working for several years to increase partnership with Cal Poly San Luis Obispo, and that this site provided public access for field days.

MOTION:

The CAC Board of Directors approves the Production Research Committee's recommendation to fund the Cal Poly San Luis Obispo rootstock trial planting in an amount not to exceed \$31,643.

(Grether/Rochefort) MSC Unanimous

MOTION 20-5-28-3

The Cal Poly Rootstock Trial Funding Request is included in the May 2020 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 7.A.

DST Project Update – Item 7.B.

Dr. Spann provided an update of the avocado Decision Support Tools (DST) system, which was the online tool developed from research that was funded with Dr. David Crowley. He noted that the current agreement with SureHarvest for the DST system had expired on April 14, 2020, however the PRC had directed staff to execute a six-month contract amendment to allow the Board the opportunity to discuss and provide guidance on the future of the DST system, and whether further investment should be made into grower education and outreach of the program.

Dr. Spann called the Board's attention to the detailed report on DST utilization included in the Board Packet, noting that grower utilization and adoption of the tool was low, despite CAC's efforts to advertise the availability of the tool and provide grower education on how to use the tool. He suggested that if the Board decided to continue funding the project, that specific benchmarks should be set (i.e. increase "x" number of users, "x" percentage of acreage) to measure the success of the additional outreach efforts and return on CAC investment. Lastly, Dr. Spann stated that during PRC discussion it was noted that growers have access to similar tools through private companies such as Agrian and Nutrien.

During Board discussion it was clarified that CAC had funded over \$800,000 for the DST project, which included Dr. Crowley's work to collect the data used to develop optimum nutrient levels. It also was confirmed that aside from the online DST system, Dr. Crowley's research and suggested optimum nutrient levels had been, and would continue to be, made available to growers through CAC's various communication vehicles such as *From the Grove* and *GreenSheet*. Board consensus was that while a potentially useful tool, even with an extensive grower outreach effort, adoption and utilization would most likely not increase proportionally to warrant further investment.

MOTION:

The CAC Board of Directors moves that no further funding be put toward development, outreach or education of the online DST system.

(Cole/Rochefort) MSC Unanimous

MOTION 20-5-28-4

The DST Project Update is included in the May 2020 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 7.B.

ADJOURN MEETING

Mr. Lamb adjourned the meeting at 11:36 a.m. The next Board meeting will be held on Thursday, August 13, 2020.

Respectfully submitted,

April Aymami, CAC Industry Affairs Director

I certify that the above is a true statement of the Minutes of May 28, 2020 approved by the CAC Board of Directors on August 13, 2020.

Jason Cole, CAC Board Secretary

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

EXHIBIT A May 2020 Board Packet
EXHIBIT B California Avocado Commission Modified Dashboard Update, Through April 2020
EXHIBIT C Marketing Campaign Update Presentation
EXHIBIT D Website Refresh Presentation
EXHIBIT E Fresh Summit 2020 Presentation
EXHIBIT F May 28, 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>May 28, 2020</i>
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Attendees Who Voted	<u>MOTION</u> 20-5-28-1	<u>MOTION</u> 20-5-28-2	<u>MOTION</u> 20-5-28-3	<u>MOTION</u> 20-5-28-4
Ryan Rochefort	Yea	Yea	Yea	Yea
Jessica Hunter	Yea	Yea	Yea	Yea
Ohannes Karaoghlanian	Yea	Yea	Did Not Vote	Yea
Charley Wolk	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	Yea	Yea
Outcome	Unanimous	Unanimous	Unanimous	Unanimous