

**CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
August 13, 2020**

A web/teleconference meeting of the California Avocado Commission (CAC) Board was held on Thursday, August 13, 2020 with the following people present:

MEMBERS PRESENT

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

ALTERNATES PRESENT

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

MEMBERS ABSENT

Ohannes Karaoghlanian

ALTERNATES ABSENT

John Cornell
Michael Perricone

STAFF PRESENT

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

GUESTS PRESENT

Jennifer Ayvazian
Hillary Brandaw
Susan Hughes
Kathleen Johnson
Lauren Kelley
Rachael Laenen
John McGuigan
Marji Morrow
Steven Muro
Laura Paden
Bryan Reugebrink
Samantha Schaitberger
Matt Schraut
Brittney Theriault

OFFICIALLY PRESENT

David Anderson, *Anderson Food Sales & Mktg*
Carolyn Becker, *CL Marketing LLC*
Katie Cook, *USDA*
Candace Hollar, *MullenLowe*
Ben Kardokus, *CDFA*
Kim Kurata, *Kurata Communications*
Martin Pagh Ludvigsen, *MullenLowe*
Gwen Sanders, *GS Financial Services*
Tim Spann, *Spann Ag Research & Consulting, LLC*

ITEM #1 CALL TO ORDER

Roll Call/Establish Quorum – Item 1.A.

John Lamb, CAC chairman, called the meeting to order at 10:03 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, 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 # 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 remove Item 3.A from the consent calendar for further discussion, after which the following motion was put forward:

MOTION:

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

(McFadden/Dominguez) MSC Unanimous

MOTION 20-8-13-1

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

With regard to Consent Calendar Item 3.A, there was a question regarding the “Nay” vote recorded for Motion 20-27-2-4, and a request was made that CAC staff check the records to verify that this “Nay” vote was in fact cast. Ms. Aymami stated that she would pull the records from the February meeting minutes and would advise the Board at a later point in the meeting.

ITEM #4 CONSIDER NOMINATION OF PUBLIC MEMBER FOR TERM COMMENCING NOVEMBER 1, 2020

Tom Bellamore, CAC president, stated that the term for the existing Public Member would come to an end October 31, 2020. He reminded the Board the Public Member is a seat appointed by the CDFA Secretary, based on a nominee recommended by the CAC Board. Mr. Bellamore reported that CAC’s existing Public Member, Daniella Malfitano, has expressed an interest and willingness in continuing to serve as Public Member for another term. Mr. Lamb remarked that in his history of serving on the CAC Board, Ms. Malfitano has been one of the most active and engaged Public Members and encouraged the Board to consider her reappointment.

MOTION:

The CAC Board of Directors moves to recommend Daniella Malfitano as CAC’s Public Member for term commencing November 1, 2020.

(Wolk/McFadden) MSC Unanimous

MOTION 20-8-13-2

ITEM #5 TREASURER’S REPORT

Rob Grether, CAC treasurer, introduced Gwen Sanders with GS Financial Services. He stated that beginning in September Ms. Sanders would be stepping in to support CAC in the finance department while Monica Arnett, CAC vice president of finance and administration, would be on a leave of absence for approximately six months.

Consider Approval of Budget Amendment #2– Item 5.A.

Mr. Grether reported that the Finance Committee had reviewed and unanimously recommended approval of Budget Amendment #2 as presented. He noted that in May 2020 the Board had already approved the research project that resulted in the increased budget, and that this action was to formally incorporate approval of that expenditure into the budget. In addition, the budget amendment reallocated funds, with a net zero effect on the budget, from salaries in the administration department to research program coordination in the industry affairs department as a result of Dr. Tim Spann, previous CAC research program director, being brought on as an independent contractor.

MOTION:

The CAC Board of Directors moves to approve Budget Amendment #2 as presented.

(McFadden/Douglas) MSC Unanimous

MOTION 20-8-13-3

Budget Amendment #2 is included in the August 2020 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 5.A.

2020-21 Preliminary Budget and Assessment Rate – Item 5.B.

Mr. Grether stated that the preliminary budget and assessment rate discussion would take place under the President’s Report.

ITEM #6 PRESIDENT'S REPORT

2020-21 Planning – Preliminary Budget and Assessment Scenarios – Item 6.A

Mr. Bellamore and Ms. Arnett, presented CAC's current financial position and projected 2019-20 ending reserve balance of \$12.8 million, approximately \$1.1 million dollars less than projections in October 2019 of \$13.7 million. Ms. Arnett highlighted that a large portion of this reserve variance was a result of Budget Amendment #1 which approved the E-Commerce project for an increase in expenditures of \$413,000. She also noted that the reserve projections assumed a crop volume of 365 million pounds, using an average price of \$1.18 per pound through May and \$1.10 per pound for June through October, and that the crop could be larger and pricing could be stronger.

Mr. Bellamore stated that management had surveyed industry members regarding the 2020-21 crop size and received responses ranging from 250-450 million pounds. Averaging the survey responses, as well as removing outliers, resulted in a crop size ranging from 300 to 350 million pounds. He reported that management's starting position for development of the 2020-21 CAC budget and business plan is based on a 325-million-pound crop at a value of \$1.25 per pound and a level assessment rate of 2-percent. Management's recommendation generates \$14.5 million in revenues, with a budget of \$17 million in expenses and a \$10 million ending 2020-21 reserve balance. Mr. Bellamore noted that the proposed Marketing budget of \$12 million dollars represented 70-percent of the total budget, the highest percentage ever, reflecting management's continued commitment to put as much funding as possible toward supporting CAC's marketing efforts.

The Board discussed various crop volume and revenue scenarios, including a review of the 2-year budget analysis through 2022. There was some concern that CAC's 2022 crop projections of 400 million pounds may be too high and that in October the Board should explore lower volumes to better understand the impact on the reserves. In contrast, there was also support given to a more consistent and even an increase in crop volume, as industry trends have shown investment in replanting and high-density configurations, acreage which should be coming into production in the next few years.

Following discussion Mr. Bellamore presented a look at historical CAC financials, indicating that the industry was on track to have the second highest crop value on record (assuming a 365-million-pound crop at \$1.20 average price per pound). Both management and Board will gather more information to bring back to the October meeting where the 2020-21 budget, business plan and assessment rate will be finalized.

The CAC 2020-21 Planning – Preliminary Budget and Assessment Scenarios presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT B.

Updated Strategic Priorities and Draft Business Plan Objectives and Strategies – Item 6.B

Mr. Bellamore referenced Item 6.B of the Board Packet which included the top-end of the 2020-21 Business Plan. He noted that this document consisted of strategic priorities and draft business plan objectives and strategies, which are not only revisited each year, but in-depth time was spent by staff and agencies to review and recommend modifications for the coming year. Mr. Bellamore stated that in light of both the pandemic and recent social justice movement, CAC had paused to reflect and make adjustments in the plan to ensure activities being conducted are brand safe and would not inadvertently put consumers against the California Avocado brand. He stated that no action was needed on this item, but that this document would be used as direction to build out the details of the business plan.

During Board discussion a member commended CAC on taking a vocal stand with regard to the social justice movement, noting that they were involved with other similar organizations who did not take the same steps. Another member complimented management on the details of the

plan, however asked staff to consider putting an objective for a price per pound goal, or target number for the year. They noted that even if CAC accomplished everything in the business plan, growers could still go broke; having a price goal or some other number to work toward would help ensure grower viability. Mr. Bellamore stated that management has those numbers but can look to articulate it in the business plan.

The CAC 2020-21 Business Plan Strategic Priorities and Draft Business Plan Objectives and Strategies is included in the August 2020 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 6.B.

ITEM # 3 CONSENT CALENDAR (CONTINUED)

Consider Approval of Board of Director's Meeting Minutes of February 27, 2020 – Item 3.A

Ms. Aymami reported that the notes and records from the February 27, 2020 accurately reflect the vote recorded for Motion 20-27-2-4 and the one 'Nay' vote cast.

MOTION:

***The CAC Board of Directors approves the Consent Calendar Item 3.A as presented.
(McFadden/Caloroso) MSC Unanimous***

MOTION 20-8-13-4

The Meeting Minutes of February 27, 2020 are included in the August 2020 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 3.A.

ITEM #7 MARKETING REPORT

PMA Virtual Fresh Summit – Item 7.A.

Angela Fraser, CAC director trade affairs, presented an update of the Produce Marketing Association (PMA) Fresh Summit Convention taking place as a virtual show October 13-15, 2020. She reported that PMA would use an Artificial Intelligence (AI) driven platform, which provides a tailored experience based on attendees' needs and goals. The event would continue to feature a trade show, educational sessions, as well as networking, with the goal of having high buyer participation. Ms. Fraser stated that in order to keep CAC's priority points and position, CAC's pre-paid exhibitor and sponsorship fees would remain on PMA books for the 2021 event, and the sponsorship bag planned for 2020 would instead be used in 2021. She also clarified that these expenses would reflect on CAC's books as pre-paid expenses in 2019-20 and would be charged against the 2020-21 budget in the next fiscal year.

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

2019-20 Media Plan Update – Item 7.B

Candace Hollar of MullenLowe reported on the 2019-20 media plan activities, highlighting shifts made throughout the year in response to the pandemic, as well as the social justice movement. Specific media plan shifts included reduced activity with Waze, in-store audio, social retail ads, outdoor charging stations, Snapchat, Conde Nast and Refinery 29, while increased activities occurred with YouTube, Tastemade, GumGum and Spotify. In addition, a new female lifestyle partner, POPSUGAR, was brought into the media mix in 2019-20. Ms. Hollar also provided a recap of digital, custom content, retail, outdoor, social and influencer programs activities completed to-date, noting that the 2019-20 media plan was slated to deliver 211 million impressions over the course of the season.

Martin Pagh Ludvigsen of MullenLowe provided an update on the E-Commerce project reporting that after some delays due to the pandemic, the site would be ready to launch by mid-September.

Zachary Benedict, CAC online marketing director, reported on the CaliforniaAvocado.com site redesign project stating that the website was on track to launch in mid-September. He provided observations of the new site which include improved content management system workflow and site load speeds.

The Media, E-Commerce and Website presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT D.

Retail and Foodservice Program Update – Item 7.C

Carolyn Becker and Dave Anderson, CAC retail marketing directors, provided an update on retail activities, noting that while the landscape of retail promotions had been changing in recent years, the current pandemic had sped up its course. Retail programs and promotions now consist of digital marketing, social media and new marketing products, allowing retailers to reach and educate younger customers in the palm of their hand. The presentation also provided a list of 2020 retail partners by region, along with examples of various integrated retail promotions conducted which included digital couponing, display contests, feature ads, social media posts, in-store signage, custom video content, geo-targeted digital advertising, registered dietitian support and sales contests.

Kim Kurata, of CAC's foodservice agency Kurata Communications, presented highlights from 2020 activities including 12 chain promotions, of which eight represented new chains, all focused on quality, fresh ingredients and local sourcing. Due to the pandemic foodservice promotions looked different this year with a focus primarily on digital outreach. Ms. Kurata reported on the performance of the print and digital ad campaigns, public relations activities, and foodservice events. In addition, she noted that CAC had sponsored a special project to support foodservice operators and front-line workers.

The Retail and Foodservice Program Update presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT E.

CAC Dashboard Update

Jan DeLyser, CAC vice president marketing, presented an on-screen overview of the CAC Dashboard Update document highlighting key performance indicators through July 2020. She noted that the full document would be emailed to the Board and posted on the grower website following the meeting.

The California Avocado Commission Dashboard, Through July 2020 is attached to the permanent copy of these Minutes and identified as EXHIBIT F.

ITEM #8 INDUSTRY AFFAIRS REPORT

Election Update – Item 8.A.

April Aymami, CAC industry affairs director, called the Board's attention to the 2020 General Election Update displayed on screen and announced the names of declared candidates received to date for the upcoming election. She noted that there were still a few seats that did not have declared candidates and reminded the Board that nominations for CAC's 2020 General Election were due by August 24, 2020.

The 2020 General Election Update is attached to the permanent copy of these Minutes and identified as EXHIBIT G.

Mr. Bellamore addressed the Board regarding a call he had received from a grower about Lamb-Hass pricing. The grower's concerns revolve around the reduced pricing being paid to growers for Lamb-Hass fruit, but is not reflected at retail where Lamb-Hass is not being sold at this discounted price. Mr. Bellamore had committed to the grower that he would bring these

concerns before the Board and commented that the industry should be aware that Lamb-Hass growers are watching this situation and have reasonable expectations.

Mr. Bellamore also informed the Board that CAC was currently exploring the possibility of doing an abridged, one-topic, virtual annual meeting with a marketing focus. Details were still in the works, but the goal would be to have the meeting in November 2020 or January 2021, ahead of the upcoming referendum.

ITEM #9 PRODUCTION RESEARCH REPORT

Committee Meeting Summary and Preliminary Budget for FY 2020-21 – Item 9.A.

Dr. Spann commented that CAC was currently working with researchers to conduct a virtual grower meeting in mid-September and asked Board members to keep an eye out in the GreenSheet for additional details.

Dr. Spann then called the Board's attention to the summary write-up of the recent Production Research Committee (PRC) meeting included in the Board packet. He reported that the PRC had recommended the funding of three projects for the 2020-21 fiscal year:

- Sponsorship of UC Ag Experts webinars in the amount of \$5,000 (to be funded through an industry affairs account number)
- Continuation of Dr. Folgado's work with The Huntington Botanical Gardens to develop avocado tissue culture propagation techniques for a third and final year in the amount of \$47,786
- Funding for Dr. Michailides work on branch canker for a third and final year in the amount of \$67,697

Dr. Spann stated that 2019-20 proposed budget was also included as informational and would be incorporated into the business plan that would be presented to the Board for approval in October. He noted that in addition to these projects the PRC had expected a proposal on avocado lace bug research, however due to the pandemic this proposal had been delayed. Dr. Spann stated that once the proposal was received, the PRC would review and may bring a recommendation for funding to the Board at a later date.

The *Committee Meeting Summary and Preliminary Budget for FY 2020-21* write-up is included in the August 2020 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 9.A.

ADJOURN MEETING

Mr. Lamb adjourned the meeting at 12:24 p.m. The next Board meeting will be held on Wednesday, October 7, 2020.

Respectfully submitted,

April Aymami, CAC Industry Affairs Director

I certify that the above is a true statement of the Minutes of August 13, 2020 approved by the CAC Board of Directors on October 7, 2020.

Jason Cole, CAC Board Secretary

CAC Board Meeting Minutes
August 13, 2020

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

- EXHIBIT A August 2020 Board Packet
- EXHIBIT B CAC 2020-21 Planning – Preliminary Budget and Assessment Scenarios presentation
- EXHIBIT C Fresh Summit Update presentation
- EXHIBIT D Media, E-Commerce and Website presentation
- EXHIBIT E Retail and Foodservice Program Update presentation
- EXHIBIT F California Avocado Commission Dashboard, Through July 2020
- EXHIBIT G 2020 General Election Update
- EXHIBIT H August 13, 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>August 13, 2020</i>
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<i>Attendees Who Voted</i>	<i><u>MOTION 20-8-13-1</u></i>	<i><u>MOTION 20-8-13-2</u></i>	<i><u>MOTION 20-8-13-3</u></i>	<i><u>MOTION 20-8-13-4</u></i>
Ryan Rochefort	Yea	Yea	Yea	Yea
Jessica Hunter	Yea	Yea	Yea	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
<i>Outcome</i>	<i>Unanimous</i>	<i>Unanimous</i>	<i>Unanimous</i>	<i>Unanimous</i>