

**CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
August 18, 2022**

A meeting of the California Avocado Commission (CAC) Board was held on Thursday, August 18, 2022, with the following people present:

MEMBERS PRESENT

Gary Caloroso
Jason Cole
John Cornell
Rob Grether
Jessica Hunter
Ohannes Karaoghlanian
Rachael Laenen
John Lloyd-Butler
Daniella Malfitano
Daryn Miller
Michael Perricone
Andrew Prechtl
Peter Shore

ALTERNATES PRESENT

Will Carleton
Maureen Cottingham
Connor Huser
Ryan Rochefort
Charley Wolk

MEMBERS ABSENT

Catherine Keeling

ALTERNATES ABSENT

None

OFFICIALLY PRESENT

Marlene Betts, *USDA*
Ben Kardokus, *CDFA*
Candace Hollar, *Mediahub*
George Soares, *Kahn, Soares
& Conway*
Dr. Tim Spann, *Spann Ag*

STAFF PRESENT

Monica Arnett
April Aymami
Zac Benedict
Dave Cruz
Jan DeLyser
Angela Fraser
Stacia Kierulff
Miriam Martinez
Ken Melban

GUESTS PRESENT

David Anderson
Carolyn Becker
Casey Beltran
Rick Carey
Emiliano Escobedo
Brittany Ferrant
Elizabeth Flores
Lauren Kelley
Kim Kurata
Eric Lancaster
Grey Martin
John McGuigan
Jillian McMenamin
Marji Morrow
Steven Muro
Jill Netzel
Laura Paden
Barb Peirce
Lecia Rdzak
Matt Schraut

ITEM #1 CALL TO ORDER

Roll Call/Quorum – Item 1.a.

Rob Grether, CAC chairman, called the meeting to order at 9:02 a.m. with a quorum present.

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 meeting. She asked for all other guests to announce themselves and recorded all participants in attendance.

ITEM # 2 OPPORTUNITY FOR PUBLIC COMMENT

Grey Martin addressed the Board, stating that he had previously made comments at an Executive Committee meeting regarding the need for more grower-driven outreach. He voiced concerns about research being focused on finding unknown varieties, when more focus should be on the known varieties. Mr. Martin stated that the current 5,000 pounds per acre average was not enough to sustain California growers, and that there were more precocious varieties than Hass. Mr. Martin offered to be available to participate in grower meetings and answer questions.

ITEM # 3 CONSENT CALENDAR

Mr. Grether introduced the consent calendar items and asked for questions or comments. With no comments on the consent calendar items, the following motion was put forward:

MOTION:

The CAC Board of Directors approves the Consent Calendar, Items 3.a through 3.d as presented.

(Cornell/Cole) MSC Unanimous

MOTION 22-8-18-1

The Consent Calendar is included in the August 2022 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Items 3.a through 3.d.

ITEM #5 CHAIRMAN'S REPORT

Consider Recommendation of Public Member for Term Commencing November 1, 2022 – Item 5.d.

Mr. Grether accommodated a request from a Board member to allow participants interested in the Public Member seat the opportunity to speak prior to the Board going into Closed Session.

Eric Lancaster expressed his interest in CAC's Public Member seat and provided an overview of his experience and qualifications. He noted that he had been working in agriculture for 25 years as vendor in biologicals. Mr. Lancaster stated that he was familiar with working with growers in the pecan and pistachio industry, as well as a board of directors. In response to a question, Mr. Lancaster commented that while he did reside out of state, it was a reasonable drive and he would be able to attend CAC Board meetings.

Mr. Grether thanked Mr. Lancaster for his comments and stated that the Board would discuss this topic further during the Chairman's Report following the Closed Session.

ITEM # 4.a CLOSED SESSION REGARDING THE APPOINTMENT, EMPLOYMENT, EVALUATION PERFORMANCE, OR DISMISSAL OF AN EMPLOYEE PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 11126(a)

Mr. Grether convened a Closed Session of board members, alternates, legal counsel, and CDFA and USDA representatives at 9:30 a.m. It was noted for the record that CAC Board Member Gary Caloroso recused himself and was not present during the Closed Session.

ITEM #4.b RETURN TO OPEN SESSION AND ANNOUNCE ACTION TAKEN IN CLOSED SESSION, IF ANY

Mr. Grether returned to open session at 11:35 a.m. and announced that while the search process was still underway for CAC's next president, during the time since Tom Bellamore had resigned, there has been a need for clear designation of interim leadership. At the advice of legal counsel, the CAC Executive Committee had voted at their August meeting to name himself, Rob Grether, as acting president during this time of transition. The Board had discussion during Closed Session regarding this decision and took the following action:

To retain Ken Melban as Interim President of the California Avocado Commission for a duration established by the Commission Board of Directors, to perform all duties of the position of President of the Commission, subject to approval by the Executive Committee.

Mr. Grether thanked Mr. Melban for his willingness to serve as CAC's interim president until the president search process was completed.

ITEM #5 CHAIRMAN'S REPORT (CONTINUED)

Consider approval of delegation of authority – Item 5.a.

Update on President & CEO Search – Item 5.b

Update on overage administration of the Commission – Item 5.c

Mr. Grether stated that no further action or discussion was necessary on these topics, as the Board had already taken action to retain Mr. Melban as interim president. He noted that he was hopeful the Board would reconvene in September with recommendations from the task force on the next president.

Consider Recommendation of Public Member for Term Commencing November 1, 2022 – Item 5.d.

Mr. Grether expressed his gratitude to current CAC Public Member Daniella Malfitano for her service on the Board and valuable contributions during her tenure. The Board discussed the two interested persons, Kel Mitchel and Eric Lancaster, for the position of Public Member. Specifically, there were

questions raised about Mr. Lancaster's current involvement in the avocado industry and whether he was being compensated for services he was providing to a seated Board member. It was clarified that Mr. Lancaster worked as a consultant for a company that sells products to the agricultural industry. Comments were made in favor of Kel Mitchel due to his experience in the water industry and because he was a California resident.

MOTION:

***Move to recommend Eric Lancaster as Public Member.
(Cornell/Karaoghlanian)***

Following the motion, additional discussion took place regarding the purpose of the public member and the intent of the law for those who serve in this role. A comment was made that the public member should be wholly independent of the agricultural industry and represent the interests of the public. Ben Kardokus with CDFA noted that the only requirement of the public member was that they not have a financial interest in the industry. Hearing CDFA's comments, there was concern that neither candidate may be eligible to serve as the public member due to their financial interests in the agriculture and potential interest in the avocado industry. It was agreed to rescind the motion and advise the interested parties that the recommendation for the public member position would be deferred to a later date.

The Public Member Statement of Interest and Qualifications are included in the August 2022 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 5.d.

ITEM #7 MARKETING

2021-22 Consumer Marketing Program Review – Item 7.a.

Jan DeLyser, CAC vice president marketing, introduced Candace Hollar with Mediahub to provide an overview of the year-to-date consumer advertising media results. Ms. Hollar presented year-to date impressions and activities conducted for the consumer outdoor, audio, digital brand, digital custom content, digital retail, social brand and social retail programs. She noted that the results took about six weeks to finalize, therefore this did not reflect the full year, but a majority of the California season which ran through July.

Board discussion ensued, with questions raised about clicks versus engagement, advertising with online retailers, and cost per click. Ms. Hollar stated she could get the cost per click information, however, Ms. DeLyser commented that many of CAC's messages are geared toward engaging with the consumer and not necessarily a call to action resulting in a click.

The Consumer Advertising Results to Date presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT B.

Ms. DeLyser called the Board's attention to the Marketing Dashboard included in the Board packet and encourage members to follow up if they had any questions.

The California Avocado Commission Dashboard Update – Through July 31, 2022 is included in the August 2022 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 7.

ITEM #6 INDUSTRY AFFAIRS

District member meetings with growers – Item 6.a.

Mr. Melban reported that commissioner-led district grower meetings were scheduled for September 13 in Ventura and September 20 in Fallbrook. He stated that commissioners would run these meetings with CAC staff, specifically himself, Jan DeLyser and April Aymami, attending to support.

Avocado Brainstorming funding request – Item 6.b.

Mr. Melban referred to Item 6.b in the Board Packet, a request for sponsorship of the Avocado Brainstorming event to be held in Brisbane, Australia March 27-30, 2023, prior to the World Avocado Congress in Auckland, New Zealand. Dr. Tim Spann commented that CAC's production research committee had met and recommended supporting the event at the \$10,001 sponsorship level, which provides CAC the ability to send two delegates. He noted that the \$10,000 level felt proportional to the committee and that while there may not be tangible results from the Avocado Brainstorming event, the committee felt there was benefit to the California industry in supporting the dissemination of knowledge among the international avocado research community. Dr. Spann also confirmed his availability and willingness to attend the Avocado Brainstorming event as one of CAC's delegates.

MOTION:

The CAC Board of Directors approves supporting the Avocado Brainstorming 2023 event at the \$10,001 sponsorship level.

(Caloroso/Cole) MSC Unanimous

MOTION 22-8-18-2

The Avocado Brainstorming Funding Request is included in the August 2022 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 6.b.

World Avocado Congress – Item 6.c.

Mr. Melban reported that registration for the World Avocado Congress event was currently open, with early-bird pricing available through October. He noted that he had spoken with the event planners and that CAC could purchase registrations under the early-bird pricing and name attendees at a later date. Mr. Melban commented that this was just informational and that the Board would need to decide in October to secure the early-bird pricing.

South Coast Field Station land development plan – Item 6.d.

Mr. Melban provided an update on the South Coast Field Station land development plan, which included 40 acres of land being transferred to UC Irvine faculty housing. He noted that a call was scheduled with university personnel and advisors, as well as CAC staff, legal and board members to discuss the option of identifying alternative acreage at South Coast Field Station that would minimize the impact to the planted avocado acreage.

Commission's participation in avocado festivals – Item 6.e.

Mr. Melban stated that while the Commission had a long-standing history of participating in avocado festivals, the return on investment of the sponsorships and staff resources have been the topic of many discussions. With the Morro Bay and Carpinteria festivals coming in the Fall, he reported that staff had informed the Executive Committee that no resources had been allocated in the current year's budget and CAC would not be participating. There was a question as to whether CAC would participate in the future, to which there was consensus that there was very little benefit to CAC in participating in these events, as they do not drive the sale or consumption of California avocados.

ITEM #8 PRODUCTION RESEARCH

Committee Meeting Summary – Item 8.a.

Preliminary Budget for FY 2022-23 – Item 8.b

Dr. Spann reported that the Production Research Committee had met to review proposals for the coming year, with the following recommendations:

- consider supporting the Avocado Brainstorming at the Platinum (\$10,001 - \$15,000) or Titanium (>\$15,000) level.
- funding Dr. Ali Montazar's proposal (\$217,697 for three years (\$95,041 FY 2022-23)) to expand his CDFR-funded crop coefficient for avocado to improve irrigation management project to include trial sites in Ventura County to have a more representative sample California avocado growing areas.

- funding Dr. Patricia Manosalva's project to continue the evaluation of five elite rootstock selections from the UC Riverside breeding program at a slightly reduced level from what was requested for a total of \$225,000 for three years (\$75,000 FY 2022-23).

Dr. Spann noted that the funding approved earlier in the meeting for the Avocado Brainstorming would be added to the Industry Affairs budget for 2022-23. He stated the funding recommendations for the avocado crop coefficient and rootstock projects, as well as prior funding commitments, were included in Item 8 of the Board packet and totaled \$270,981. Dr. Spann noted that this was informational at this time and the projects and budgets in their final form would be presented to the Board for approval as part of the total 2022-23 CAC Business Plan and Budget at the October meeting.

The *Production Research Report and Draft 2022-23 Research Budget* are included in the August 2022 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 8.

ITEM #6 TREASURER'S REPORT

2022-23 Preliminary Budget and Assessment Rate

Jason Cole, CAC treasurer, reported that the Finance Committee had met and reviewed CAC's current reserves policy with consensus to maintain the existing policy which sets a goal of ending a fiscal year with no less than 5 million dollars in reserves. He noted that the committee had reviewed CAC's current financial position, and that despite the lower than estimated crop volume, the high prices received this season positioned CAC to end the year with over \$10 million in reserves. Mr. Cole summarized the Committee discussion regarding next year's crop noting a similar crop size to the current year, better individual fruit sizing and that the average price could be \$1.50 per pound or more.

Mr. Cole provided the committee's recommendation to lower the assessment rate to 1% for the 2022-23 fiscal year, noting this had been done one time previously in an effort to lower the CAC reserve balance. He stated that the committee also looked at the marketing spend and were supportive of reviewing how marketing funds are allocated in the budget (spend per pound vs. percent of total CAC budget).

The Board discussed the proposed assessment rate reduction and how this reduction would impact CAC's reserves in two years. These concerns were addressed in review of the two-year budget scenario indicating reserve levels above the \$5 million reserve policy threshold. The Board looked at the historical marketing spend, which averaged \$0.031 per pound, as well as the percent that had been allocated between consumer and retail/trade. It was noted that based on a crop size similar to this year (250-270 million pounds), using the spend per pound method would result in an approximately \$8 million marketing budget. Concern was raised by Ms. DeLyser that the economy was dealing with inflation, yet an \$8 million marketing budget would result in a decrease of over a million dollars from the current budget; she asked for consideration of at least an \$8.5 million marketing budget. In addition to the overall marketing budget, there was Board support for CAC to review the allocation between consumer and retail, with an increase in retail/trade activity to reflect closer to a 60/40 or 50/50 split.

Coming out of discussion, the Board directed CAC management to develop the draft 2022-23 business plan and budget based on two marketing budget tiers, \$8 million and \$9 million, and to provide details of the differences between the two tiers. In addition, it was requested that management review the current allocations between consumer and retail/trade activities, incorporating additional retail support in the proposed plans. It was noted that the CAC Merchandise Shop plans would be addressed as part of the complete business plan and budget in October.

California Avocado Commission
Board Meeting Minutes
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ADJOURN MEETING

Mr. Grether adjourned the meeting at 1:50 p.m. The next regularly scheduled Board meeting will be held on October 20, 2022.

Respectfully submitted,

April Aymami, CAC Industry Affairs Director

I certify that the above is a true statement of the Minutes of August 18, 2022 approved by the CAC Board of Directors on October 20, 2022.

Jessica Hunter, CAC Board Secretary

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

- EXHIBIT A August 2022 Board Packet
- EXHIBIT B Consumer Advertising Results to Date Presentation
- EXHIBIT C August 18, 2022 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>Hybrid In-person (Irvine) Online (Zoom)</i>	Meeting Date: <i>August 18, 2022</i>
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<i>Attendees Who Voted</i>	<u><i>MOTION 22-8-18-1</i></u>	<u><i>MOTION 22-8-18-2</i></u>
Michael Perricone	Yea	Yea
Jessica Hunter	Yea	Yea
Ohannes Karaoghlanian	Yea	Yea
John Cornell	Yea	Yea
Rob Grether	Did Not Vote	Did Not Vote
Maureen Cottingham	Yea	Yea
Jason Cole	Yea	Yea
Rachael Laenen	Yea	Yea
Daryn Miller	Yea	Yea
Andrew Prechtl	Yea	Yea
Peter Shore	Yea	Yea
Gary Caloroso	Yea	Yea
Daniella Malfitano	Yea	Yea
<i>Outcome</i>	Unanimous	Unanimous