

**CALIFORNIA AVOCADO COMMISSION  
BOARD MEETING MINUTES  
August 19, 2021**

A web/teleconference meeting of the California Avocado Commission (CAC) Board was held on Thursday, August 19, 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**

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

**MEMBERS ABSENT**

None

**ALTERNATES ABSENT**

None

**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**

Vickie Carpenter, USDA  
Alex Caryl, USDA  
Jim DeLizia, DeLizia Consulting  
Ben Kardokus, CDFA  
George Soares, Kahn, Soares & Conway

**GUESTS PRESENT**

Sean Bettles  
Emiliano Escobedo  
John McGuigan  
Juan Monsalve  
Tim Spann

**ITEM #1 CALL TO ORDER**

*Roll Call / Establish Quorum – Item 1.A.*

Rob Grether, CAC chairman, called the meeting to order at 10:00 a.m. with a quorum present.

**Introductions**

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 addressed the Board regarding the review and approval of proposed 2021-22 business plans and budgets, highlighting the significance of making sound decisions on how CAC's budget will be spent. He asked the Board to question how money is currently being allocated (two-thirds spent on marketing) and whether that continues to be in the best interest of the growers, or if an adjustment between CAC's various components (marketing, industry affairs, research) is warranted. Mr. Cornell noted his opinion that growers' top concern is profitability and that to improve yields and profitability, CAC's priorities needed to change.

**ITEM # 3 CONSENT CALENDAR**

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

**MOTION:**

***Move to approve Consent Calendar Items 3.A through 3.C as presented.  
(Rocheffort/Cole) MSC Unanimous***

**MOTION 21-8-19-1**

The Consent Calendar is included in the August 2021 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**

**2021-22 Preliminary Budget and Assessment Rate – Item 4.A.**

Jason Cole, CAC treasurer, reported that the Finance Committee had met and reviewed the current financial position, projections for next fiscal year, and had discussion about next year's assessment rate. He asked Monica Arnett, CAC vice president of finance and administration to provide an overview of the same information to the Board.

Ms. Arnett presented CAC's current financial position and projected 2020-21 ending reserve balance of \$8.7 million, approximately \$1.9 million dollars less than the projected \$10.6 million in October 2020. Ms. Arnett highlighted that the reserve variance was due to the crop volume estimated to come in 75 million pounds less than budgeted, at an average price nearly 10 cents less than the \$1.25 per pound budgeted. She also provided an overview of 10-year industry statistics, including allocated marketing budget spends. It was noted that the Finance Committee had reviewed the CAC Reserve Policy and determined the goal of having a \$5 million ending reserve balance was sufficient to support the organization until significant revenue from crop harvest is received.

Mr. Cole indicated that the while CAC management had proposed a 2% assessment rate with a marketing spend of \$11 million, the Finance Committee's recommendation was a 1.75% assessment rate and reduction of the marketing budget to \$9.5 million, a figure more in line with marketing spends prior to CAC having excess reserves. Both recommendations were built out assuming a 300-million-pound crop and average price of \$1.25 per pound.

The Board discussed the allocation of spending between marketing, industry affairs and research, noting that in recent years CAC had aimed to spend two-thirds of the budget on marketing. Support was shown for the importance of marketing, but also the need to improve grower productivity and profitability, which could mean increasing the allocation of monies to research. A suggestion was offered that CAC look at the marketing budget as two categories, brand building (creative development) and tactical programming (retail/foodservice promotions), with allocation of brand building a set percentage of the budget each year, and the tactical programming budget being flexible and tied to crop volume. Regarding increased grower productivity, ideas were suggested of providing financial assistance to growers who make improvements to on-farm infrastructure, as well as building out an effective and meaningful research and communications program. It was noted that the Production Research Committee is focused on funding grower driven research projects with hard deliverables that can increase production, however recent proposals the PRC received have not contained that second component of delivering tangible results to improve production. Many stated that despite the years of research, education and communications that CAC has provided to growers, many have not seen a change in grower behavior from these efforts; many growers take this information and then make on-farm decisions based on availability of current resources as opposed to what the research says they should be doing. There was acknowledgment and support for helping growers increase their productivity, however it would be a long-term endeavor and the Board would need to determine how CAC can support the effort and in what role. There was additional discussion regarding the premium California growers receive over imports and the return on investment of CAC's merchandising efforts. It was noted that for the 2020 season, California growers received a 16% premium over imports in California markets. Conclusion of this discussion was support for merchandising, but that there is a

need for more measurements of success and ROI.

Tom Bellamore, CAC president, commended the Board on the thorough discussion and stated management would work within the budget numbers recommended by the Finance Committee and build the 2021-22 draft business plan and budget as directed by the Board.

The CAC 2021-22 Planning – Preliminary Budget and Assessment Scenarios presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT B.

#### **ITEM #5 SUCCESSION PLANNING – JIM DELIZIA**

Recap of May 20, 2021 Discussion – Item 5.A.

Expectations in the CEO/Board Partnership – Item 5.B

Jim DeLizia of DeLizia Consulting provided a recap of the Board's previous succession planning session, highlighting the results of those discussions thus far. He complimented the Board on the thoughtful approach they had given to this topic, noting that many other organizations are usually behind and more reactive, as opposed to proactive. Mr. DeLizia presented the goals of CAC's succession planning efforts, along with their defined needs and expectations for the next CEO. In addition, he covered the CEO's expectations of the Board, as well as mistakes to avoid and items that deserve careful consideration during the CEO transition process.

There was additional discussion regarding the recommended 6-8 months for onboarding, to which Mr. DeLizia provided an example of the timeline for a typical onboarding process, noting that the Board should err on the side of more overlap time with CEOs than less.

Mr. Grether thanked Mr. DeLizia for his facilitation of CAC's succession planning process over the past two years.

The CAC Succession Planning presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT C.

#### **ITEM #6 CLOSED SESSION REGARDING APPOINTMENT, EMPLOYMENT, EVALUATION OF PERFORMANCE, OR DISMISSAL OF AN EMPLOYEE PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 11126(a)**

The Board may go into closed session to discuss and make recommendations regarding appointment, employment or dismissal of an employee – Item 6.a

Mr. Grether convened a Closed Session of the board members, alternates, legal counsel and CDFA representative at 11:45 a.m.

Return to open session and announce action taken in closed session, if any – Item 6.b

Mr. Grether returned to open session at 12:17 p.m. and announced that no action had been taken during closed session.

#### **ADJOURN MEETING**

Mr. Grether adjourned the meeting at 12:18 p.m.

California Avocado Commission  
Board Meeting Minutes  
August 19, 2021

Respectfully submitted,

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April Aymami, CAC Industry Affairs Director

I certify that the above is a true statement of the Minutes of August 19, 2021, approved by the CAC Board of Directors on October 13, 2021.

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Jessica Hunter, CAC Board Secretary

**EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES**

- EXHIBIT A Draft Survey for Grower Economic Analysis
- EXHIBIT B CAC 2021-22 Planning – Preliminary Budget and Assessment Scenarios presentation
- EXHIBIT C CAC Succession Planning presentation
- EXHIBIT D August 19, 2021 Board Meeting AB 2720 Roll Call Vote Tally Summary



Exhibit D

**CALIFORNIA AVOCADO COMMISSION**  
**AB 2720 Roll Call Vote Tally Summary**  
*To be attached to the Meeting Minutes*

<b>Meeting Name:</b> <i>California Avocado Commission Regular Board Meeting</i>	<b>Meeting Location:</b> <i>Zoom Web/Teleconference</i>	<b>Meeting Date:</b> <i>August 19, 2021</i>
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<i>Attendees Who Voted</i>	<b><u>MOTION</u></b> <b><u>21-8-19-1</u></b>
Ryan Rochefort	Yea
Jessica Hunter	Yea
Ohannes Karaoghlanian	Yea
John Cornell	Yea
Rob Grether	Did Not Vote
John Lloyd-Butler	Yea
Jason Cole	Yea
Rachael Laenen	Yea
Daryn Miller	Did Not Vote
Andrew Prechtl	Yea
Peter Shore	Yea
Gary Caloroso	Yea
Daniella Malfitano	Yea
<b>Outcome</b>	<b>Unanimous</b>