

**CALIFORNIA AVOCADO COMMISSION
FINANCE COMMITTEE MINUTES
August 9, 2023**

A meeting of the Finance Committee of the California Avocado Commission (CAC) was held on Wednesday, August 9, 2023 at 11:00 a.m. with the following people present:

MEMBERS PRESENT

Jason Cole, Chairman
Will Carleton
Andrew Prechtl
Kellen Newhouse
Rob Grether, Ex-officio

MEMBERS ABSENT

Maureen Cottingham

STAFF PRESENT

April Aymami
Ken Melban
Jeff Oberman

GUESTS PRESENT

John Berns
Laura Bertagnolli, Signature Analytics
Vickie Carpenter, USDA
Jessica Hunter
Rachael Laenen

ITEM #1 CALL TO ORDER

Roll Call/Quorum – Item 1.a.

Jason Cole, Finance Committee chairman, called the meeting to order at 11:03 a.m. with a quorum present.

Introductions – Item 1.b.

April Aymami, CAC industry affairs director, announced the US Department of Agriculture (USDA) representative, CAC staff, presenting agencies 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

There was no public comment.

ITEM # 3 CONSIDER APPROVAL OF MINUTES OF JUNE 7, 2023 FINANCE COMMITTEE MEETING

The Committee reviewed the minutes from the June 7, 2023 meeting and the following motion was offered:

MOTION:

The Finance Committee approves the June 7, 2023 Finance Committee Meeting Minutes as presented.

(Carleton/Prechtl) MSC Unanimous

MOTION 23-8-9-1

The *June 7, 2023 Meeting Minutes* are included in the August 2023 Finance Committee Packet and are attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 3.

ITEM # 4 DISCUSSION AND POSSIBLE ACTION ITEMS

2022-23 Financial Updates – Item 4.a.

Ms. Aymami introduced Laura Bertagnolli with Signature Analytics, CAC's outsourced accounting firm, to provide an overview of the financials included in the packet. Ms. Bertagnolli encouraged Committee members to provide input on the various key performance indicators and structure of the financial reports.

There was a recommendation for the financials to more clearly show the period being reported (month and year) on each page of the financials, and that the Executive Summary should be

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signed by the President. A question was raised about the year-to-date crop volume harvested and if data was available regarding size distribution, to which Ms. Aymami noted that information would be included as part of the August Dashboard, scheduled to be distributed at the August Board meeting.

The 2022-23 Financial Updates are included in the August 2023 Finance Committee Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 4.a.

Cash Disbursements Audit – Item 4.b.

Ms. Aymami reviewed the cash disbursements for the months of May through June 2023 and addressed questions from the committee.

The Cash Disbursement Audit, May through June 2023 is included in the August 2023 Finance Committee Packet and identified as EXHIBIT A, Item 4.b.

Review of Contracts Over \$25,000 – Item 4.c.

The Committee reviewed the list of contracts over \$25,000 and management addressed questions regarding specific agencies and the services they provide to CAC. There was discussion regarding the number of different marketing agencies that the Commission contracts with, and that a consolidation of agencies and bringing in work in-house could be more effective.

The Listing of CAC Contracts over \$25,000 is included in the August 2023 Finance Committee Packet and identified as EXHIBIT A, Item 4.c.

2023-24 Assessment Rate Discussion and Evaluation – Item 4.d.

The Committee asked for management's recommendation on the 2023-24 assessment rate and budget, to which Jeff Oberman, CAC president, stated that there was no proposed increase to the marketing budget and the assumption was a similar budget 2022-23. Regarding the assessment rate, the Committee commented that it was purposely lowered in the current year to draw down reserves, but that it was made clear when approved last season it was not permanent and may need to be increased in future years.

The Committee reviewed CAC's current financial position and projected ending reserves balance, which was estimated to be near \$6.7 million. They then reviewed a two-year look at the budget with the assumptions of the same assessment rate and budget for the 2023-24 fiscal year, using a crop size of 225 million pounds, which resulted in a 2023-24 ending reserve balance under \$2 million dollars.

With CAC's reserve policy requiring at least a \$5 million ending balance, Committee discussion ensued regarding the crop size, value, assessment rate and budget allocations. There was consensus to use the 225-million-pound crop size at this early timing, and while there was consideration that the value could be higher, agreement to use \$1.15 per pound for crop value. The Committee discussed the budget, specifically salary and operating expenses, which management explained the current cost of living adjustment was tracking at three percent. There also were suggestions that management look at CAC's reorganization with both staff and agency personnel to maximize efficiency and effectiveness of the available budget.

The Committee spent considerable time reviewing various budget scenarios, including increases to the assessment rate. Ken Melban, CAC vice president of industry affairs and operations, expressed concern that any increase to the assessment would be met with resistance from the grower community and the CAC management's recommendation would be to not increase the assessment rate beyond the prior year's rate of 1.75%. At the conclusion of

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discussion, the Committee directed management to develop a budget based on a 225-million-pound crop, \$1.15 per pound, assessment rate of 2.00% and that ending reserves conform to existing policy of no less than \$5 million. Management was directed to make the necessary adjustments in programs and spending to develop a proposed 2023-24 budget for the Board's consideration at their August Board meeting.

ADJOURN

Mr. Cole adjourned the meeting at 12:46 p.m.

Respectfully submitted,

April Aymami, Industry Affairs Director

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

EXHIBIT A August 2023 Finance Committee Packet

EXHIBIT B August 9, 2023 Finance Committee Meeting AB 2720 Roll Call Vote Tally Summary



EXHIBIT B

CALIFORNIA AVOCADO COMMISSION

AB 2720 Roll Call Vote Tally Summary

To be attached to the Meeting Minutes

Meeting Name: <i>Finance Committee Meeting</i>	Meeting Location: <i>Hybrid Meeting In-person (Oxnard) Online (Zoom)</i>	Meeting Date: <i>August 9, 2023</i>
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<i>Attendees Who Voted</i>	<u>MOTION</u> <u>23-8-9-1</u>
Jason Cole	Yea
Will Carleton	Yea
Andrew Prechtl	Yea
Kellen Newhouse	Yea
<i>Outcome</i>	Unanimous