



Following review and additional discussion, the following motion was offered:

**MOTION:**     ***The Finance Committee recommends that the Board of Directors approve CAC’s 2019-20 Budget Amendment #2 as presented.  
(Cole/McFadden) MSC Unanimous***

**MOTION 20-8-12-2**

**Item #5A: INTRODUCTION OF GWEN SANDERS, GS FINANCIAL SERVICES**

Monica Arnett introduced Gwen Sanders of GS Financial Services who will manage CAC’s financial operations on an interim basis while Ms. Arnett is on maternity leave beginning in September. Ms. Arnett provided a background on GS Financial Services and on Gwen herself while noting that management is very confident in her skill set and her ability to fulfill the requirements of the position thoroughly and appropriately.

**Item #5B: 2019-20 FINANCIAL UPDATES**

The Committee reviewed the 2019-20 Financial Statements as included in the August 12, 2020 Finance Committee Packet. Discussion ensued and the following points were made:

- Ms. Arnett noted that revenue is still trending higher than originally budgeted due to volume remaining consistent and price holding strong from the sizable volume and favorable pricing early in the season.
- Ms. Arnett commented management is continuing to monitor current price points, and average returns as reported on assessment reports, being particularly mindful of price allocations by fruit size.
- Ms. Arnett reminded the Committee that CAC began the year with a strong reserve balance which is continuing throughout the year and will lead to a favorable beginning cash position for next year.

*The 2019-20 Financial Update Packet is attached to the permanent copy of these Minutes as identified as Exhibit A.*

**Item #4C: CASH DISBURSEMENT AUDIT**

The Committee reviewed the disbursement registers for May through July 2020 as included in the Finance Committee Meeting Packet with no significant comments to note.

**Item #4D: 2020 CROP SITUATION**

The Committee discussed the potential 2019-20 crop condition and the following points were made:

- Ms. Arnett stated that estimated total crop volume was not anticipated to change significantly from budgeted projections which was validated from the mid-season grower crop survey results and conversations with large handlers as discussed at the May Finance Committee meeting. Ms. Arnett also commented that as of early August, over 300MM pounds had been harvested and shipped.
- Overall, the Committee agreed the crop volume outlook is very positive and promising for 2019-20.

#### **Item #4E: 2020-21 BUDGET AND ASSESSMENT RATE DISCUSSION**

Discussion regarding the 2020-21 budget and assessment rate began with Ms. Arnett presenting CAC's current financial position and projected ending reserve balance for the 2019-20 fiscal year. The calculations presented estimated that the 2019-20 crop size would total or be in excess of 365 million pounds with forecasted ending reserves of \$12.8 million, assuming an average price of \$1.10 for the remainder of the season. This ending reserve balance would be \$1 million lower than the original 2019-20 projection.

Ms. Arnett presented management's recommended assessment rate and budget for the 2020-21 fiscal year which proposed an assessment rate of 2.00% based on a 325 million pound crop at an average price of \$1.25 per pound. Projected total budgeted expenditures are estimated at \$17 million with \$12 million allocated to the Marketing department. Ms. Arnett commented that the ratio of Marketing spending to total budget at 70% is the highest it has ever been. This level of spending would result in a 2020-21 ending reserve balance of \$10.4 million.

Ms. Arnett presented management's recommended assessment rate and budget for the 2021-22 fiscal year which proposed an assessment rate of 2.00% based on a 400 million pound crop at an average price of \$1.20 per pound. Projected total budgeted expenditures are estimated at \$17.0 million with \$12 million, or 70%, allocated to the Marketing department. This level of spending would result in a 2021-22 ending reserve balance of \$10.7 million, creating a balanced budget position.

Ms. Arnett also presented an Industry Statistics slide that provided the volume, average price per pound, total crop volume, and ending reserves balance for the current fiscal year and prior fiscal years. Mr. Bellamore commented that if the 2019-20 estimated volume and price per pound amounts were achieved, it would yield the second highest crop value ever.

Chairman Grether inquired as to how the increase in the 2020-21 Marketing budget would be allocated. Mr. Bellamore indicated that the composition and percentages of the budget would remain relatively the same across Marketing categories and would account for new creative and an extension of the ecommerce project.

Chairman Grether inquired as to management's confidence in the 2019-20 volume and price estimates. Mr. Bellamore commented that although the mid-season grower survey supported the volume amount, both volume and price estimates were conservative and could be exceeded. Multiple members of the Committee agree that they were personally anticipating higher volume harvests than originally predicted.

After additional discussion, the Committee agreed that management's recommendation regarding the 2020-21 crop volume and budget appeared reasonable.

*The 2019-20 Reserves Projection and Multi-Year Budget Planning document is attached to the permanent copy of these Minutes as identified as Exhibit B.*

#### **ADJOURN**

Chairman Grether adjourned the meeting at 1:45 p.m.

Respectfully submitted,

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Monica Arnett, Vice President of Finance and Administration

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

EXHIBIT A 2019-20 Financial Update Packet

EXHIBIT B 2019-20 Reserves Projection and Multi-Year Budget Planning document

EXHIBIT C August 12, 2020 Finance Committee Meeting AB 2720 Roll Call Vote Tally  
Summary