

**CALIFORNIA AVOCADO COMMISSION  
FINANCE COMMITTEE MINUTES  
August 12, 2020**

A web/teleconference meeting of the Finance Committee of the California Avocado Commission (CAC) was held on Wednesday, August 12, 2020 at 1:00 p.m. with the following people present:

**MEMBERS PRESENT**

Robert Grether, Chairman  
Jason Cole  
Salvador Dominguez  
John Lamb, CAC Board Chairman  
Ed McFadden

**STAFF PRESENT**

Monica Arnett  
April Aymami  
Tom Bellamore  
Jan DeLyser  
Ken Melban

**MEMBERS ABSENT**

none

**GUESTS PRESENT**

Katie Cook, USDA  
Gwen Sanders, GS Financial Services

**Item #1: CALL TO ORDER**

Finance Committee Chairman Robert Grether called the meeting to order at 1:00 p.m. with a quorum present.

**Item #2: PUBLIC COMMENT**

None

**Item #3: MINUTES**

The Committee reviewed the minutes from the May 27, 2020 meeting and the following motion was offered:

**MOTION:**     *The Finance Committee approves the May 27, 2020 Finance Committee Meeting Minutes as presented. (McFadden/Dominguez) MSC Unanimous*  
**MOTION 20-8-12-1**

**Item #4: CONSIDER APPROVAL OF BUDGET AMENDMENT #2**

CAC management prepared Budget Amendment #2, which adjusts the 2019-20 spending plan as follows:

- Increase to the Production Research budget by \$31,643 to support a new rootstock trial planting at Cal Poly San Luis Obispo. These funds will assist in covering the costs of a final planting layout, above ground irrigation parts and installation, tree planting and drainage work to the site. This increase was reviewed and approved by the Board at the May 28, 2020 meeting.
- Re-allocation of funds from the Administration to the Industry Affairs department budget to account for Dr. Tim Spann's transition from a CAC employee to a Research Program Coordination & Outreach consultant. This adjustment has a net zero effect on the budget.



#### **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