

**CALIFORNIA AVOCADO COMMISSION
EXECUTIVE COMMITTEE MINUTES
May 31, 2023**

A meeting of the California Avocado Commission (CAC) Executive Committee was held on Wednesday, May 31, 2023 at 10:01 a.m. with the following people present:

MEMBERS PRESENT

Jason Cole
Rob Grether
Jessica Hunter
Rachael Laenen

STAFF PRESENT

April Aymami
Ken Melban
Jeff Oberman
Terry Splane

GUESTS PRESENT

Rick Carey
John Cornell
Dan Coxe
Joanne Robles-Swanson

OFFICIALLY PRESENT

Katie Cook, *USDA*
Ben Kardokus, *CDFA*
Katherine Hren, *Ballard, Rosenberg,
Golper & Savitt*
George Soares, *Kahn, Soares & Conway*

ITEM #1 CALL TO ORDER

Roll Call/Quorum – Item 1.a.

Rob Grether, CAC Executive Committee chairman, called the meeting to order 10:01 a.m. and established a quorum.

Introductions – Item 1.b.

April Aymami, CAC industry affairs director, announced the California Department of Food and Agriculture (CDFA) and US Department of Agriculture (USDA) representatives, CAC staff, legal counsel and known guests participating in the meeting.

ITEM # 2 OPPORTUNITY FOR PUBLIC COMMENT

Dan Coxe provided an update on a newly formed group called the Avocado Growers of California (AGC). He noted the AGC's goal to brainstorm ways to even the playing field for California growers, including more aggressive marketing, differentiation at point-of-sale and tapping into existing laws in place designed to protect domestic producers.

Joanne Robles-Swanson commented specifically on the AGC discussions regarding industry advocacy and representation/support needed from CAC. She requested CAC attend an upcoming LAFCO meeting and submit a letter in support of Rainbow and Fallbrook water districts request to detach from San Diego County Water Authority. Ms. Robles-Swanson also requested that CAC look at administrative action available to California growers as a result of current pricing being below the cost of production, explore H.R.45 as an option of making up the difference between the cost of production and sales, and weigh in on the current Farm Bill in support of avocado and specialty crop growers. Lastly, she requested CAC lower the assessment rate charged to growers.

John Cornell provided comments on Item 4.d.ii and the request that CAC write a letter opposing the BL516 royalty structure. He noted that while he had drafted the letter in conjunction with Gray Martin, he did not intend for the letter to be authored by himself, but rather come from the Commission.

Rick Carey requested that CAC provide him with any data that had been provided to LAFCO so that all parties could be on the same page when speaking on issues. He requested that CAC provide support for Option #1, reorganization with standard conditions and no exit fees.

ITEM # 3 CONSENT CALENDAR

Consider approval of Executive Committee meeting minutes of March 9, 2023 – Item 3.a

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 Executive Committee approves the Consent Calendar, Item 3.a as presented.
(Cole/Laenen) MSC Unanimous***

MOTION 23-5-31-1

The Consent Calendar is included in the May 31, 2023 Executive Committee Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 3.a.

ITEM # 4 DISCUSSION ITEMS

Update on the overall administration of the Commission – Item 4.a

Jeff Oberman, CAC president, provided an update on CAC activities, noting that CAC management was working on action items coming out of the recent Annual Meetings and that the Board would be addressing producer vacancies at the upcoming Board meeting. He commented on conversations he had with industry organizations with respect to honoring Jan DeLyser and her recent retirement, and that he had found that many had already honored her in some way, and at this point an official event may be a challenge.

Public Member Selection Process – Item 4.b

Mr. Grether presented an overview of the events that led to the creation of the current public member selection process as approved by the Board. The process identifies specific criteria for the consideration of interested persons, provides for the Executive Committee's review of applicants and, upon determination of qualified individuals, recommendations to the Board.

The Committee reviewed each of the four applicants' qualifications and any relevant relationships or interactions that Committee members or staff had with the individuals. CDFA and CAC's legal counsel provided clarification that limited association with, or past employment in, the avocado industry did not deem a person ineligible for the public member position. A summary of the discussion about each candidate is below:

Maddie Cook - The Committee felt that Ms. Cook was a qualified candidate, with no apparent conflicts of interest or ties to the avocado industry.

Quinn Cotter – Some Committee members had direct interaction with Ms. Cotter when she had previously worked for Calavo. Mr. Melban too had worked with Ms. Cotter during her time at Calavo on creation and modification of CAC's GAP manual. It was determined Ms. Cotter was a qualified candidate, with no apparent conflicts of interest or ties to the avocado industry.

David Cornell – It was noted that Mr. Cornell was the son of currently seated District 2 Board Member John Cornell and previous CAC Board public member alternate recommendation. Mr. Cornell had a background in marketing and had previously affirmed he had no current financial interest in the avocado industry. During Committee discussion it was noted that while Mr. Cornell may not technically have a financial interest in the avocado industry, his relationship to a currently seated Board Member complicated the situation. The Committee agreed that with other qualified applicants, and CAC already having extensive marketing support, Mr. Cornell would not be moved forward to the Board for consideration.

Nick Cerneka – The Committee commented that while Mr. Cerneka seemed qualified to serve as the public member, with no apparent conflicts of interests or ties to the avocado industry, he did not provide the desired background and Mr. Cerneka would not be moved forward to the Board for consideration.

At the conclusion of discussion, the following motion was offered:

MOTION:

***The Executive Committee recommends the CAC Board consider Maddie Cook and Quinn Cotter for the position of CAC Public Member.
(Cole/Laenen) MSC Unanimous***

MOTION 23-5-31-2

The Public Member Selection Process is included in the May 31, 2023 Executive Committee Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 4.b.

Marketing Update – Item 4.c

Terry Splane, CAC vice president of marketing, gave an update on CAC's marketing department, including his desire to conduct shorter, more frequent Marketing Committee meetings, handler outreach and engagement efforts to maximize success from the grower to retailer level, and the recent bagged avocado study and opportunities for the industry. He noted that he was also working on California PLU labeling and getting compliance and consistency in messaging to consumers.

Mr. Splane reported that CAC would be issuing an RFP for work that was currently being conducted by two agencies, Golin and Mullen, in hopes of identifying one agency to complete this same work. He stated the RFP would be issued after the June Board meeting, and provided a topline overview of the RFP process, with the goal of having an agency in place before the start of the new fiscal year.

Industry Affairs Update – Item 4.d

Request for CAC to publicly support Rainbow/Fallbrook water agency's application to change water suppliers and oppose AB530 – Item 4.d.i

Ken Melban, CAC vice president of industry affairs and operations, stated CAC had received a request from growers within the Fallbrook and Rainbow water districts to publicly support the detachment of these two water agencies from the San Diego County Water Authority. He reported that he had spoken to growers who would remain in the SDCWA and may potentially have to bear additional costs as a result of the change, and those growers were supportive based on the benefits Fallbrook and Rainbow growers would be receiving. Mr. Melban stated that his recommendation was for CAC to prepare a letter of support to be entered into LAFCO public record comments at the upcoming June 5 meeting.

Mr. Grether noted that while this request would have typically been brought before the full CAC Board, due to the timing of the June 5 LAFCO meeting, it was being brought to the Executive Committee to help move this important item forward.

MOTION:

***The Executive Committee moves to support the Avocado Growers of California's request to publicly support Rainbow/Fallbrook water agency's application to change water suppliers, specifically Option #1, reorganization with standard conditions and no exit fees.
(Cole/Hunter) MSC Unanimous***

MOTION 23-5-31-3

Mr. Melban reported that along with the previous request, the AGC has requested that CAC also take a public position to oppose AB 530 which would require a vote of all customers within a water agency to approve reorganizations and change in water suppliers such as the current Fallbrook/Rainbow application. He noted that he had researched and at this time the earliest AB530 could become effective would be January 2025 and therefore would not have an impact on the Fallbrook/Rainbow decision. Mr. Melban recommended that CAC not take a public opinion at this time, but continue to monitor and if it does appear it will impact the LAFCO decision, reconsider at that time.

Mr. Carey commented that it was risky not to take a position at this time, and asked the Committee for their consideration. He said LAFCO has this on their upcoming board agenda and the Commission opposing the bill may help motivate the LAFCO board members to take an opposed position. Mr. Melban acknowledged the input provided by Mr. Carey and agreed with his request for the Commission to oppose the bill. The Committee discussed the pros and cons of taking a position on this assembly bill, noting that CAC needs to fully support the southern growers and do what they can to help get the Fallbrook/Rainbow change in water suppliers approved.

MOTION:

The Executive Committee moves to support the Avocado Growers of California's request to write a letter in opposition of AB530.

(Cole/Hunter) MSC Unanimous

MOTION 23-5-31-4

Request for CAC to write a letter opposing the BL516 royalty structure– Item 4.d.ii

Mr. Melban stated that John Cornell and Gray Martin had submitted a draft letter to Mr. Oberman stating CAC's opposition to the BL516 royalty structure. Due to the upcoming Board meeting occurring in the near term, Mr. Melban recommended that he build upon that draft letter and bring it to the full Board for their consideration. Mr. Cornell was supportive of this recommendation.

Operations/Finance Update – Item 4.e

Mr. Melban reported that CAC was completing their fourth month with Signature Analytics completing CAC's month end close processes and all was progressing nicely. He noted that Signature Analytics would be in-person at the Finance Committee and Board meetings to provide an overview of their services and introduction to their team.

Mr. Melban provided a high-level analysis of CAC's financial position, which indicated that despite below budgeted market conditions, due to a stronger than anticipated ending reserve position in 2022, CAC was expected to end the current year above the approved reserve policy balance of \$5 million.

ITEM # 5 CHAIRMAN'S REPORT

Mr. Grether stated that he is pleased to hear that CAC's strong starting position is helping mitigate the financial impact on CAC's reserves as a result of current market conditions. He noted the Finance Committee would dig into the details further at their June meeting.

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

The Committee 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 CAC executive committee members, CAC staff present (Aymami, Melban, Oberman and Splane), legal counsel (Hren and Soares) and CDFA representative at 11:30 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 2:15 p.m. and announced that the committee had taken no action in Closed Session.

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Executive Committee Meeting Minutes
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ADJOURN MEETING

Mr. Grether adjourned the meeting at 2:15 p.m.

Respectfully submitted,

April Aymami, CAC Industry Affairs Director

I certify that the above is a true statement of the minutes of the May 31, 2023, CAC Executive Committee, approved by the CAC Executive Committee on June 28, 2023.

Jessica Hunter, CAC Board Secretary

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

Exhibit A May 31, 2023 Executive Committee Packet

Exhibit B May 31, 2023 Executive Committee 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>Executive Committee Meeting</i>	Meeting Location: <i>In-Person – United Water Conservation District 1701 Lombard St. Oxnard, CA 93030</i> <i>Online (Zoom)</i>	Meeting Date: <i>May 31, 2023</i>
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<i>Attendees Who Voted</i>	<i><u>MOTION</u> 23-5-31-1</i>	<i><u>MOTION</u> 23-5-31-2</i>	<i><u>MOTION</u> 23-5-31-3</i>	<i><u>MOTION</u> 23-5-31-4</i>
Jessica Hunter	Yea	Yea	Yea	Yea
Rob Grether	Did Not Vote	Did Not Vote	Did Not Vote	Did Not Vote
Jason Cole	Yea	Yea	Yea	Yea
Rachael Laenen	Yea	Yea	Yea	Yea
<i>Outcome</i>	Unanimous	Unanimous	Unanimous	Unanimous