

**CALIFORNIA AVOCADO COMMISSION
FINANCE COMMITTEE MINUTES
October 9, 2024**

A meeting of the Finance Committee of the California Avocado Commission (CAC) was held on October 9, 2024 at 1:00 p.m. with the following people present:

Members Present

Maureen Cottingham, Chair
Andrew Prechtl
Jamie Shafer
Jason Cole, *Ex-officio*

Staff Present

April Aymami
Ken Melban
Terry Splane

Members Absent

Will Carleton

Guests Present

John Berns
Jennifer Bantle
Vickie Carpenter, *USDA*
Ohannes Karaoghlanian
Rachael Laenen
Owen McCollum, *Signature Analytics*
Duane Urquhart

Item #1 Call to Order

Roll Call/Quorum – Item 1.a.

Maureen Cottingham, Finance Committee chair, called the meeting to order at 1:05 p.m. with a quorum present.

Introductions – Item 1.b.

April Aymami, CAC director of industry affairs and operations, introduced the US Department of Agriculture (USDA) representative, CAC staff 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 Consent Calendar

Consider approval of Finance Committee meeting minutes of July 30, 2024 – Item 3.a.

Ms. Cottingham asked for a motion to approve the July meeting minutes, to which Committee member Jamie Shafer moved for approval, however the motion died due to a lack of a second.

Motion:

The Finance Committee approves the July 30, 2024 Finance Committee Meeting Minutes as presented.

(Shafer/No Second) Motion died due to lack of a second

Ms. Cottingham stated the July meeting minutes would be added to a future agenda for approval.

The July 30, 2024 Meeting Minutes are included in the October 2024 Finance Committee Packet and are attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 3.a.

Item #4 Discussion and Possible Action Items

2023-24 Financial Updates – Item 4.a.

Ms. Cottingham asked for questions regarding the financial report provided in the Committee packet, which covered year-to-date activity through August 31, 2024. Ms. Aymami provided a

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general overview, highlighting revenue exceeding budget by \$8.7 million as a result of larger crop volume at higher than budgeted pricing. She noted crop volume was nearly 345 million pounds at an average price of \$1.44 per pound.

The 2023-24 Financial Updates – Period Ending August 31, 2024 are included in the October 2024 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.

The Committee reviewed the cash disbursement listings for the months of July and August 2024. There were no questions or comments from the Committee.

The Cash Disbursement Audit, July and August 2024 is included in the October 2024 Finance Committee Packet and identified as EXHIBIT A, Item 4.b.

Auditor's Letters of Engagement for 2023-24 financial audit – Item 4.c.

Ms. Aymami presented the letters of engagement from Moss Adams for 2023-24 financial audit services. She noted that the letters had no substantive changes from the prior year and covered CAC's annual financial audit, CDFA compliance audit and required USDA compliance examination.

MOTION:

The Finance Committee approves the Auditor's Letters of Engagement for 2023-24 financial audit services as presented.

(Prechtl/Shafer) MSC Unanimous

MOTION 24-10-9-1

The Auditor's Letters of Engagement for 2023-24 financial audit are included in the October 2024 Finance Committee Packet and identified as EXHIBIT A, Item 4.c.

2023-24 Profit Sharing Plan Contributions – Item 4.d.

Ms. Cottingham stated that as treasurer, she serves as one of the trustees of CAC's retirement plan, along with Ken Melban, CAC vice president of industry affairs and operations, and Ms. Aymami. She noted that the trustees met with Tracy Gunter with Edelman Financial, CAC's retirement investment manager, who provided market updates, investment option performance, a report on investment fiduciary scoring and investments currently on the watchlist. Ms. Cottingham reported that she has the responsibility of reviewing CAC's annual profit sharing contributions for employees to ensure compliance with the plan, which she had done with Stacia Kierulff, CAC human resources manager, and that all contributions were in accordance with the Commission's plan.

Review of CAC Reserves Policy – Item 4.e.

Mr. Melban presented CAC's current reserve policy and commented that the Finance Committee had been delegated the authority by the Board to annual review the policy to determine if modifications are needed based on CAC's current and projected financial position. He stated that management's recommendation was to maintain the existing policy. The Committee discussed the reserve policy with consensus that the current reserve policy provides adequate resources for Commission operations and that no change was warranted at this time.

The CAC Reserves Policy is included in the October 2024 Finance Committee Packet and identified as EXHIBIT A, Item 4.e.

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Financial Institution Review – Item 4.f.

Bank Changes – Item 4.f.i

Ms. Aymami reported that in September 2023 Bank of the West, CAC's previous bank, merged with Bank of Montreal (BMO), and while management has attempted to work with BMO to update and obtain the best services for CAC, BMO has continued to be unresponsive and underperform on just the basic level of services. As such, Ms. Aymami indicated that management would like to conduct a review of financial institutions and recommends finding a new banking partner.

The Committee discussed and agreed that CAC should look for a new banking partner that was able to better service the needs of CAC's day-to-day operations, as well as provide a better return on CAC's reserves. There was discussion about bank changes requiring approval from the full Board, and in the essence of time, Ms. Cottingham would request the Board consider delegating this authority to the Finance Committee.

Line of Credit – Item 4.f.ii

Ms. Aymami stated that CAC's existing line of credit was set to mature in early December 2024, however because CAC is considering changing banks, management does not recommend renewing the current line of credit with BMO and instead wait until a new financial institution had been selected. The Committee was in agreement with this recommendation.

2024-25 Budget and Assessment Rate – Item 4.g.

Mr. Melban reported that at the August meeting, the CAC Board had tentatively approved a zero percent assessment. However, during the September district meeting in Ventura, growers expressed a desire for stability in the assessment rate and rather than zero percent, would prefer a one cent per pound assessment over multiple years. Jason Cole, CAC chairman, stated that the Board would discuss at their meeting, but that he personally supports a one cent per pound assessment to allow for more stability.

The Committee discussed the two scenarios, with support for stability in the assessment rate and also to ensure CAC has a non-restricted assessment source to fund programs outside of marketing. Management reported on historical and future assessment analysis indicated a CAC assessment rate of 1.5 - 2.5 cents per pound would be required to fund CAC programs. Ms. Cottingham asked the Committee for a recommendation, to which Committee members were not at a point that they felt comfortable making a formal motion or recommendation and deferred to Board discussion and final action on the 2024-25 assessment rate.

ADJOURN

Ms. Cottingham adjourned the meeting at 2:02 p.m.

Respectfully submitted,

DocuSigned by:

April Aymami

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April Aymami, Director of Industry Affairs and Operations

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

Exhibit A October 2024 Finance Committee Packet

Exhibit B October 9, 2024 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 (Irvine) Online (Zoom)</i>	Meeting Date: <i>October 9, 2024</i>
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<i>Attendees Who Voted</i>	<i><u>MOTION</u></i> <i><u>24-10-9-1</u></i>
Maureen Cottingham	Did Not Vote
Andrew Prechtl	Yea
Jamie Shafer	Yea
<i>Outcome</i>	Unanimous