

CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
November 17, 2016

A meeting of the California Avocado Commission (CAC) Board was held on Thursday, November 17, 2016 at the CAC office, 12 Mauchly, Suite L, Irvine, CA 92618, with the following people present:

MEMBERS PRESENT

Nina Ames
Bryce Bannatyne (Cole Alt.)
Robb Bertels
Art Bliss
John Burr
Gene Carbone
Gary Caloroso
Jessica Hunter
John Lamb
Ed McFadden
Leo McGuire
Kellen Newhouse
Rick Shade
Jim Swoboda
Steve Taft

ALTERNATES PRESENT

Gary Clevenger
Tyler Cobb
Ohannes Karaoghlanian
Donny Lucy
Ryan Rochefort

MEMBERS ABSENT

Jason Cole

ALTERNATES ABSENT

Robert Grether

CAC STAFF PRESENT

Monica Arnett
April Aymami
Tom Bellamore
Zac Benedict
David Cruz
Jan DeLyser
Angela Fraser
Ken Melban
Tim Spann
Connie Stukenberg

OFFICIALLY PRESENT

Emiliano Escobedo, HAB
Nick Jennery, Nick Jennery & Assoc.
Dennis Manderfield, CDFA
Kelly Robertson, USDA
Temra Wald, Temra Wald Consulting

GUESTS PRESENT

Mike Angelo
Mary Lu Arpaia
Jennifer Baker-Asiddao
Elaine Bannatyne
Wayne Brydon
Will Carleton
Christine Connell
Tom Donovan
Kristyn Dunlap
Chris Henry
Candace Hollar
Marji Morrow
Barbara Peirce
Rebecca Wojcicki
Charley Wolk

ITEM #1 CALL TO ORDER

Dennis Manderfield, representing the California Department of Food and Agriculture (CDFA), called the meeting to order at 9:17 a.m.

Tom Bellamore, CAC president, introduced Nick Jennery, of Nick Jennery & Associates, as the chosen facilitator for the Board's upcoming orientation session in February. Mr. Bellamore provided an overview of Mr. Jennery's qualifications and experience and stated that he had come highly recommended by Bryan Silbermann and Cathy Burns of the Produce Marketing Association.

Announcement of Election Results and Introduction of New Members and Alternates - Item 1.A.

Mr. Manderfield announced that results from the recently concluded 2016 CAC General Election had been tallied and the following individuals had been elected to the seats and terms listed below:

<u>District</u>	<u>Affiliation</u>	<u>Name</u>	<u>Term Ending</u>
1	Member	Jessica Hunter	2018
2	Member	Leo McGuire	2018
3	Member	John Lamb	2018
3	Member	Art Bliss	2017
3	Alternate	Robert Grether	2017
4	Member	Ed McFadden	2018
4	Member	Jason Cole	2017
4	Alternate	Bryce Bannatyne	2017
5	Member	Rick Shade	2018
Handler	Member	Egidio 'Gene' Carbone	2018
Handler	Member	Robb Bertels	2018

Roll Call – Item 1.B.

Mr. Manderfield conducted roll call attendance and determined that a quorum was present.

ITEM # 2 OPPORTUNITY FOR PUBLIC COMMENT

There was no public comment.

ITEM # 3 ELECTION OF OFFICERS

Instruction on How Nominations and Voting for Board Officers will be Conducted – Item 3.A.

Mr. Manderfield provided a brief overview of Commission law as it pertains to the nomination and election of Board officers. He stated that Art Bliss, immediate past treasurer and Jim Swoboda, immediate past secretary, were all eligible to serve in any board officer seat for 2016-17.

Nominations and Election of Chairperson – Item 3.B.

Following the instructions on nominations and voting for board officers, Mr. Manderfield called for nominations for the seat of Chairperson. Rick Shade was nominated for the position of Chairperson by Jim Swoboda, seconded by Ed McFadden.

MOTION:

Move that the nominations for Chairperson be closed and a unanimous ballot cast for Rick Shade.

(Bliss/Lamb) MSC Unanimous

MOTION 16-11-17-1

Nominations and Election of Vice-Chairperson, Secretary, and Treasurer – Item 4.A.

Vice Chairperson

Mr. Shade assumed the position as Chairperson and requested nominations for the position of Vice-Chairperson. Kellen Newhouse was nominated for the position of Vice-Chairperson by John Lamb, seconded by Ed McFadden.

MOTION:

Move that the nominations for Vice-Chairperson be closed and a unanimous ballot cast for Kellen Newhouse.

(Bliss/Burr) MSC Unanimous

MOTION 16-11-17-2

Treasurer

Mr. Shade called for nominations for the position of Treasurer. Art Bliss was nominated for the position of Treasurer by Ed McFadden, seconded by Gary Caloroso.

MOTION:

Move that the nominations for Treasurer be closed and a unanimous ballot cast for Art Bliss.

(Lamb/Bannatyne) MSC Unanimous

MOTION 16-11-17-3

Secretary

Mr. Shade called for nominations for the position of Secretary. Jason Cole was nominated for the position of Secretary by Ed McFadden, seconded by John Lamb.

MOTION:

Move that the nominations for Secretary be closed and a unanimous ballot cast for Jason Cole.

(McFadden/Lamb) MSC Unanimous

MOTION 16-11-17-4

ITEM #4 CHAIRPERSON TAKES GAVEL AND PRESIDES

Chairperson's Opening Remarks – Item 4.B.

Mr. Shade thanked the board for their confidence in him and electing him to serve as Chairman of the Commission. He stated that he looked forward to a good year and that even though we are coming off a good year that growers were still hurting for water. Mr. Shade charged the Commissioners with coordinating district meetings for their growers and to attend Commission meetings, specifically the Annual Meetings, in their districts.

ITEM # 5 CONSENT CALENDAR

Mr. Shade introduced the consent calendar items and asked for questions or comments. Hearing none, the following motion was put forward:

MOTION:

The CAC Board of Directors approves the Consent Calendar, Items 5.A, through 5.C.

(McFadden/Burr) MSC Unanimous

MOTION 16-11-17-5

The Consent Calendar is included in the November 2016 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Items 5.A through 5.C.

Mr. Bellamore reported to the Board that while year-end numbers were still being finalized, that it was currently estimated that California would end the year with a crop value of over 410 million dollars, which was the third greatest in history.

ITEM # 6 AVOCADO ATTITUDE & USAGE TRACKING STUDY – Temra Wald

Temra Wald, of Temra Wald Consulting, presented the results of CAC's 2016 Consumer Attitude and Usage Tracking Study providing an overview of objectives and methodology used, along with highlights of significant findings. The research indicated that California Avocados continue to be perceived as superior, with the Made of California campaign delivering on strategy and exhibiting strengths relative to the prior campaign and that

California Avocados have a stronghold on summer. However, Ms. Wald reported that Mexico's threat continues to increase and that the 18-24 year old segment may be the most vulnerable for targeting. The study suggested that a CAC should continue to identify ways, beyond communicating superiority, to increase preference, maintain and build on the California by Nature strategic and creative direction, as well as continue to reinforce California's strong association with summer. Most importantly CAC should continue to include the 18-24 target to protect against the threat of Mexico.

During discussion following the presentation, it was asked whether CAC would use these results to skew or change the campaign direction, to which Jan DeLyser, CAC vice president of marketing, and Mr. Bellamore responded that the results solidify CAC's targeted tiered account approach and that results, such as low radio recall, help to inform the Commission's marketing programs moving forward. There was also a request to look at consumer price sensitivity on a future study.

The California Avocados 2016 Tracking Study presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT B.

ITEM #7 MARKETING REPORT

Evaluation of 2016 Media Campaign - Item 7.A

Key account managers on the Mullen Lowe team, CAC's consumer advertising agency, presented a wrap-up report on the 2016 media campaign which included highlights of the how dollars were spent in each market, in each media format (audio, print, out-of-home, digital, social and search) and number of impressions. Results from the tracking study, as well as media campaign performance, would be used to further develop and refine the advertising approach for 2017.

The CAC 2016 Media Campaign Wrap-Up presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT C.

Asia Trip Report - Item 7.B

Mr. Bellamore stated that export exploration has been a topic that has surfaced a number of times over the years and most recently again this season. The goal for CAC with regard to export has always been to target customers willing to return a premium value back to California growers, no matter where the consumer is located. With this in mind, and after meeting with the handler community, Mr. Bellamore approved a trip for Ken Melban, CAC vice president of industry affairs, and Ms. DeLyser to attend the Asia Fruit Logistica show to get a better understanding of the Asian markets.

Ms. DeLyser and Mr. Melban then presented a report on their recent trip to Asia to explore export opportunities for California avocados. Their trip, which began in Tokyo and concluded in Hong Kong, included meetings with distributors, retailers and foodservice operations, as well as supermarket tours. At Asia Fruit Logistica the Commission had a pop-up banner booth and engaged in meetings to discuss the opportunities for California avocados in Asia.

The Asia Trip Report presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT D.

A *Fresh Fruit Portal Article Regarding CAC Participation in Asia Fruit Logistica* is attached to the permanent copy of these Minutes and identified as EXHIBIT E.

PMA Report - Item 7.C

Ms. DeLyser provided an overview of CAC's participation in the 2016 PMA Fresh Summit Convention, highlighting the newly redesigned CAC booth which featured two levels and graphics from the Made of California campaign. Activities included supermarket registered dietitian program visits and in booth meetings with key retailers and industry stakeholders.

The *2016 PMA Fresh Summit Convention & Exposition* presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT F.

Year-End Dashboard - Item 7.D

Ms. DeLyser called the Board's attention to the year-end dashboard included as a hand-out reporting that it contained a snapshot of CAC's programs and performances achieved throughout the 2015-16 season.

The *2015-16 CAC Year-End Dashboard* is attached to the permanent copy of these Minutes and identified as EXHIBIT G.

ITEM #8 PRESIDENT'S REPORT

Mr. Bellamore reported on the recent election of President Trump and indicated that at this point CAC is unclear what the new administration will mean for trade and avocados, but that Mr. Melban would be spending more time in D.C. to establish relationships and better understand the new administration's agenda. He also reminded the Board that management would be working with Mr. Jennery in the coming months to develop a Board orientation program that is entertaining, informative and purposeful.

Report on U.S.-China Bilateral Meeting on Agriculture, October 20-22, 2016- Item 8.A

Mr. Melban reported that in October he had been invited to attend a pre-bilateral meeting with US Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) and China's counterpart agency, General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), to discuss current progress on access for avocados to the Chinese market. During these meetings, the governmental agencies indicated that their goal for 2017 would be to finalize six agreements simultaneously which would include avocados, blueberries and nectarines for the US and citrus, jujube and pears for China. Mr. Melban reiterated Mr. Bellamore's comments in that it was still unclear what impact the new administration would have on these negotiations. Mr. Melban also reported that CAC, along with blueberries, nectarines and potatoes had hosted an industry dinner with the delegates during the bilateral meeting, which was a customary practice for the host country.

In addition to the report on the bilateral meeting, Mr. Melban stated that CAC had been successful in securing federal grant funds through the Emerging Markets Program (EMP) to conduct a market assessment study in China and that an RFP had been issued to select the contractor that would perform the work.

The *U.S.-China Bilateral Meeting on Agriculture* presentation attached to the permanent copy of these Minutes and identified as EXHIBIT H.

Consider Approval of Food Safety Manual, Version 3.0- Item 8.B

Mr. Melban directed the Board's attention to the board packet write-up highlighting the suggested modifications that should be made to CAC's Food Safety Manual to support a GFSI standard, which is the most widely recognized and accepted standard by major buyers. He stated that changes were mostly reflected in increased record keeping, and that CAC's move to adopt the revised food safety manual would only help put growers in the best position to market their fruit.

During discussion it was asked why CAC did not recommend moving to Global GAP, instead of GFSI, and Mr. Melban reported that they had not received unanimous support from the handler community in support of Global GAP. A concern was raised that non-commercial producers could pose a risk to the industry by not having access to CAC's food safety programs, to which it was clarified that CAC would continue the food safety grower outreach efforts and that all meetings were open to anyone who wished to attend, including non-commercial avocado growers.

MOTION:

***The CAC Board of Directors approves the CAC Food Safety Manual, Version 3.0.
(Carbone/McFadden) MSC Unanimous***

MOTION 16-11-17-6

Reconsider Funding Request for Avocado Brainstorming 2017 - Item 8.C

Mr. Bellamore stated that in October the Board had considered a funding request from the organizers of the Avocado Brainstorming session and at that time had postponed a funding decision and asked that the organizers be invited to the November meeting and provide greater detail on the schedule and topics for the meeting. He introduced Mary Lu Arpaia as one of the event organizers and allowed her to address the Board and answer questions. Mr. Bellamore also reported that the Hass Avocado Board (HAB) had received a similar request for funding and had approved funding at their recent meeting.

Ms. Arpaia provided an overview of the event which was scheduled to take place in August 2017 in South Africa, highlighting that the program theme was "Toward a Sustainable Future." She answered questions which indicated that participants would pay for travel to South Africa and that funding received from associations like CAC and HAB would be used to pay for the meeting transportation, lodging and food costs for participants while in South Africa. She assured the Board that CAC Research Program Director Dr. Tim Spann would once again be invited to participate and that a report to the Board and industry could be made following the meetings, as was done in 2015.

During discussion there was support for the event and the need for international collaboration among researchers in the avocado industry. There was concern that CAC's portion of the funding was disproportional to the annual volume produced as opposed to other countries of origin, but Ms. Arpaia stated that a large number of the participants attending would be coming from the U.S., many of whom have been or were currently funded by CAC.

MOTION:

***The CAC Board of Directors approves funding of \$30,000 for the 2017 Avocado Brainstorming event.
(Caloroso/Burr) MSC Unanimous***

MOTION 16-11-17-7

Production Research Update

Dr. Spann provided a brief update on two production research items that had come up in recent weeks. First he addressed an article written by an ag industry publication in which the title indicated that shot hole borer was vanishing from avocado groves. He stated that in response to the inaccurate headline a GreenSheet article had been sent to industry members clarifying that this title was misleading and that while the shot hole borer is still present in avocado groves, it is not presently proving to be as damaging a pest as originally thought to be.

Dr. Spann also reported that Dr. Mark Hoddle, UC Riverside Entomology Extension Specialist, had recently been invited to attend a meeting in Mexico on the topic of *Stenoma catenifer*. Dr. Hoddle had informed Dr. Spann that the industry appeared to have taken to heart that *Stenoma* is an issue in Mexico and that they are beginning to use traps and lures to attract the pest and insure they are shipping clean fruit.

ITEM # 9 HASS AVOCADO BOARD REPORT

Emiliano Escobedo, HAB executive director, reported that the HAB Board had met and seated their new members, alternate and Executive Committee, with Chris Henry continuing to serve as HAB Chairman. He also reported that the Board had discussed the topic of establishing a producer and importer threshold as CAC had recently done, and approved that a committee be formed to further explore the possibility and implications of HAB adopting a similar definition.

Mr. Escobedo provided an overview of 2016 industry statistics which showed HAB volume and assessments coming in slightly over budget at 2.273 billion pounds. He stated that while HAB had an approved budget for 2017 based on 2.75 billion pounds, based on crop reports from member associations, that management and the Board are working based on a more conservative estimate of 2.5 billion pounds.

Lastly, Mr. Escobedo reported that a Phase 3 HAB nutrition study out of Tufts on avocados and lutein was expected to be published soon.

ADJOURN MEETING

Mr. Shade adjourned the meeting at 12:32 p.m. The next Board meeting will be held on Wednesday, February 16, 2017 in Irvine, California.

Respectfully submitted,

April Aymami, CAC Industry Affairs Manager

I certify that the above is a true statement of the Minutes of November 17, 2016 approved by the CAC Board of Directors on February 16, 2017.

Jason Cole, CAC Board Secretary

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

- EXHIBIT A November 2016 Board Packet
- EXHIBIT B California Avocados 2016 Tracking Study presentation
- EXHIBIT C CAC 2016 Media Campaign Wrap-Up presentation
- EXHIBIT D Asia Trip Report presentation
- EXHIBIT E Fresh Fruit Portal Article Regarding CAC Participation in Asia Fruit Logisitica
- EXHIBIT F 2016 PMA Fresh Summit Convention & Exposition presentation
- EXHIBIT G 2015-16 CAC Year-End Dashboard
- EXHIBIT H U.S.-China Bilateral Meeting on Agriculture presentation
- EXHIBIT I November 17, 2016 Board Meeting AB 2720 Roll Call Vote Tally Summary

