

CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
August 18, 2016

A meeting of the California Avocado Commission (CAC) Board was held on Thursday, August 18, 2016 at the CAC office, 12 Mauchly, Suite L, Irvine, CA 92618, with the following people present:

MEMBERS PRESENT

Art Bliss
Wayne Brydon
John Burr
Gary Caloroso
Gene Carbone
John Lamb
Cristina Leon (McGuire Alt.)
Donny Lucy (Taft Alt.)
Ed McFadden
Kellen Newhouse
Doug O'Hara
Rick Shade
Jerome Stehly
Jim Swoboda

ALTERNATES PRESENT

Bryce Bannatyne, Jr.
Robb Bertels
Gary Clevenger
Tyler Cobb
Jason Cole
Catherine Epperson
Robert Grether
Ohannes Karaoghlanian
Ryan Rochefort

MEMBERS ABSENT

Leesa Eichberger
Leo McGuire
Steve Taft

ALTERNATES ABSENT

Jessica Hunter
Mario Martinez

CAC STAFF PRESENT

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

OFFICIALLY PRESENT

Dave Anderson, Anderson Sales
Carolyn Becker, CL Mktg.
Marlene Betts, USDA
Emiliano Escobedo, HAB
Kathleen Johnson, PJ/PR
Ben Kardokus, CDFA
Kim Kurata, MMM Mktg.
Peggy McCormick, MMM Mktg.
Marji Morrow, Rockwell Morrow
Steven Muro, Fusion Mktg.
Dave Woolley, MMM Mktg.

GUESTS PRESENT

Grace Alvey
Nina Ames
Daniel Chinchay, Walmart
Melissa Heinrich, Walmart
Kristen Hukari
Hannah Judah
Frank Martinez, Walmart
Charley Wolk

ITEM #1 CALL TO ORDER

Roll Call/Establish Quorum- Item 1.A.

Doug O'Hara, CAC chairman, called the meeting to order at 9:00 a.m. with a quorum present.

Introductions - Item 1.B.

Mr. O'Hara announced that Melissa Heinrich, Daniel Chinchay, Frank Martinez, all with Walmart, Kristen Hukari, California Avocado Society, and Marlene Betts, USDA, were in attendance.

ITEM # 2 OPPORTUNITY FOR PUBLIC COMMENT

There was no public comment.

ITEM # 3 CONSENT CALENDAR

Mr. O'Hara introduced the consent calendar items and asked for questions or comments. Hearing none, a motion was put forward.

MOTION:

*The CAC Board of Directors approves the Consent Calendar, Items 3.A and 3.B.
(McFadden/Shade) MSC Unanimous*

MOTION 16-8-18-1

The Consent Calendar is included in the August 2016 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Items 3.A and 3.B.

ITEM # 4 CONSIDER APPOINTMENT OF DISTRICT 1 PRODUCER ALTERNATE MEMBER TO FILL EXISTING VACANCY FOR TERM ENDING OCTOBER 31, 2017

Tom Bellamore, CAC president, reported that after the board packet was sent out, District 1 prospective alternate candidate Marv Crumb had withdrawn his name from consideration. Mr. O'Hara offered the interested parties present an opportunity to address the Board. Ryan Rochefort provided an overview of his qualifications and his interest in serving as District 1 producer alternate. With no other interested parties present, Mr. O'Hara asked for any other nominations from the floor. Hearing none, the following motion was made.

MOTION:

*The CAC Board of Directors nominates Ryan Rochefort for District 1 producer alternate member with term ending October 31, 2017.
(Shade/McFadden) MSC Unanimous*

MOTION 16-8-18-2

The District 1 Producer Alternate Board Packet Write-Up is included in the August 2016 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 4.

ITEM # 5 CONSIDER PUBLIC MEMBER CANDIDATE(S) FOR RECOMMENDATION TO CDFA

Mr. Bellamore stated that management had been informed that CAC's current Public Member Leesa Eichberger would be unable to continue serving at the conclusion of her current term, ending October 2017. Following receipt of this information, CAC announced the pending vacancy resulting in two interested parties, Nina Ames and Robert Flack. Mr. Bellamore stated that pursuant to, CAC law, the public member shall be appointed by CDFA from nominees recommended by the Commission.

Mr. O'Hara offered the interested parties present an opportunity to address the Board. Ms. Ames provided an overview of her qualifications and interest in serving on the CAC Board. With no other interested parties present, Mr. O'Hara asked for any other nominations from the floor. Hearing none, the following motion was made.

MOTION:

*The CAC Board of Directors recommends Nina Ames to CDFA as CAC Public Member for the term of November 1, 2017 through October 31, 2019.
(Swoboda/Burr) MSC Unanimous*

MOTION 16-8-18-3

The Public Member Board Packet Write-Up is included in the August 2016 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 5.

ITEM #6 TREASURER'S REPORT

2016-17 Preliminary Budget and Assessment Rate – Item 6.A

Art Bliss, CAC treasurer, reported that Monica Arnett, CAC director of finance and administration, had recently given birth and that both mom and baby were doing well. He thanked Grace Alvey for her efforts in keeping the accounting department running during Ms. Arnett's leave. Mr. Bliss also reported that the Finance Committee had met to review current financials and had recommended approval of the proposed 2016-17 preliminary budget and assessment rate, which Mr. Bellamore would cover in further detail during the President's Report.

ITEM #7 PRESIDENT'S REPORT

2016-17 Planning - Preliminary Budget and Assessment Scenarios – Item 7.A

Mr. Bellamore provided an overview of the planning and budgeting process, including specifics of CAC's current financial position, forecasting an ending reserve balance of approximately 7 million dollars. Mr. Bellamore stated that management's starting position for development of the 2016-17 CAC budget and business plan was based on a 250-million-pound crop at a value of \$1.05 and a level assessment rate of 2.3-percent. While it was still very early in the season to be estimating the size of the 2016-17 crop, Mr. Bellamore indicated that management was taking a conservative approach to crop size, while using a more aggressive price point for the value. He said management would conduct crop field meetings in September to fine tune the projected crop volume and that they would continue to track crop size, value and market trends throughout the season and make adjustments to programs and spending as necessary.

The Board discussed management's recommendation with support shown for a conservative approach to the budgeting process and maintaining the current assessment rate of 2.3-percent.

MOTION:

The CAC Board of Directors approves the Finance Committee's recommendation to approve the 2016-17 preliminary budget and assessment rate as presented.

(Shade/Lamb) MSC Unanimous

MOTION 16-8-18-4

Corporate Identity – New Logo, New Look – Item 7.B

Mr. Bellamore stated that with the creation of the California on-fruit label, followed by the new California Avocados consumer logo, management had recently worked to develop a new corporate California Avocado Commission logo to present a unified brand for the organization. April Aymami, CAC industry affairs manager, presented a historical look at the Commission's consumer and corporate logos and introduced the new California Avocado Commission logo. Also included in the presentation were components of CAC's unified corporate identity which included brand colors, as well as newly developed business card designs and corporate stationary.

The Corporate Identity – New Logo, New Look presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT B.

Avocado Inspection Program Personnel – Item 7.C

Mr. Bellamore reported that as covered in the Item 7.C write-up included in the Board Packet, management intends to contract with the Cooperative Agricultural Support Services (CASS) to employ inspectors for the Avocado Inspection Program (AIP), as opposed to continuing to directly employ inspectors as Commission employees. He stated that while heightened liability for CAC and increased workload on administrative staff was the impetus behind reviewing the existing AIP employment relationship, results of a comprehensive cost analysis indicate a savings of up to \$50,000 annually for the industry by transferring AIP personnel to CASS. Ken Melban, CAC vice president of industry affairs, provided a brief overview of the CASS organization and how their services are currently being utilized throughout the California agricultural industry, including shot hole borer (SHB) trap servicing conducted as part of the Commission's SHB monitoring program.

During Board discussion it was clarified that existing AIP personnel would be encouraged to apply through CASS to retain their positions and that all efforts would be made to keep the level of compensation whole for existing employees to promote retention and a seamless transition. Mr. Bellamore noted that the existing Memorandum of Understanding between CAC and the California Department of Food and Agriculture (CDFA) allows the Commission retain personnel for inspection services through a third-party and therefore he was only bringing this change to the Board's attention as informational and that no action was necessary.

The Avocado Inspection Program Personnel Board Packet Write-Up is included in the August 2016 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 7.C.

2016 General Election Update - Item 7.D

Ms. Aymami reported that the general election process had been underway since mid-July with the deadline for declared nominations soon approaching. She referenced the informational write-up included as a handout in the board materials which indicated the individuals, to-date, that had stepped forward as declared candidates. Ms. Aymami reminded the Board that recent redistricting, as well as changes to the CAC law that reduced the number of alternates, had resulted in some districts having more seats available than other districts in the current election cycle.

The Item 7.D: 2016 General Election Update handout is attached to the permanent copy of these Minutes and identified as EXHIBIT C.

ITEM # 8 GOVERNANCE COMMITTEE REPORT

Report on Industry Discussions Regarding Defining Commercial Producers - Item 8.A

Mr. Bellamore stated that at the May 2016 meeting the Board had moved to consider defining a commercial producer and management was directed to take an in-depth look at the feasibility of implementation. He reported that following the May meeting, he and Mr. Melban had conducted meetings with AMRIC handlers to discuss a proposed implementation strategy and determine feasibility. The plan for implementation would require CAC to collect and combine producer lists from all handlers, determine exemption status and then report back to each handler the status of each of their producers and also issue an exemption certificate directly to producers, on an annual basis. Mr. Bellamore stated that consensus from the handler meetings indicated that most all were willing and able to implement the producer threshold exemption, should the Board decide to move forward.

The Report on Industry Discussions Regarding Defining Commercial Producer Write-Up is included in the August 2016 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 8.A.

Consider Committee Recommendation Regarding Defining Commercial Producer and Process for Implementation - Item 8.B

Governance Committee and District 5 Producer Member Rick Shade reported that the Governance Committee had met to discuss the recent industry meetings regarding defining a commercial producer and proposed process for implementation. He stated that the Governance Committee had also reviewed the letter submitted by Leo McGuire, District 2 Producer Member, requesting that in defining a commercial grower consideration be given to commercial growers who may still be actively farming, and even reinvesting in their groves, but would not meet the proposed 10,000-pound threshold. Robert Grether, governance committee member, stated that the Committee worked to find a threshold that was right for the California avocado industry and could provide relief for growers who felt the assessment was a financial burden while also balancing the issue that a large number of constituents (1,600 growers) represent a very minor percentage of the volume produced (2-percent of volume).

Upon review of these items, Mr. Shade reported that the Governance Committee recommended that the Board define a producer as any person who produces an average annual production of 10,000 pounds or more based on the three (3) preceding marketing years.

Considerable Board discussion ensued wherein concerns were raised regarding increased cost for handlers to implement a producer exemption, if growers would still pay a Hass Avocado Board (HAB) federal assessment, whether three years of production data was adequate and the possibility that some growers would try to circumvent the system to avoid paying assessment. Despite the concerns, there was broad support for the Governance Committee's recommendation as it took a big picture look at where the industry is headed and situates the Commission for the future. Upon conclusion of discussion, the following motion was offered.

MOTION:

The CAC Board of Directors approves the Governance Committee's recommendation modify the CAC law to define a producer as any person who produces an average annual production of 10,000 pounds or more based on the three (3) preceding marketing years.

(Shade/Lamb) MSC (12 Yea/1 Nay/1 Abstention)

MOTION 16-8-18-5

The Consider Committee Recommendation Regarding Defining Commercial Producer and Process for Implementation Write-Up is included in the August 2016 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 8.B.

Leo McGuire's Letter Regarding Proposed Producer Threshold is attached to the permanent copy of these Minutes and identified as EXHIBIT D.

Consider Committee Recommendation Regarding Defining Commercial Handlers and Establishing Criteria for Handler Representation on CAC Board - Item 8.C

Mr. Shade reported that the idea to define a commercial handler came out of the industry meetings regarding defining a commercial producer. During these meetings there was strong support to implement a change that only AMRIC handlers (a handler who packed a minimum of one-percent of the industry volume in the preceding marketing year) would be eligible to hold a seat on the CAC Board. He stated that the Governance Committee discussed the issue at their meeting and felt that since the Commission was looking to define a commercial producer, that it should also do the same for commercial handlers and that CAC's current definition of an AMRIC handler seemed a reasonable threshold for the industry.

Mr. Shade reported that the Governance Committee had recommended that the Board modify the CAC law so that handler board representation is limited to AMRIC handlers. During brief discussion there was unanimous support for the Committee's recommendation, with one clarification made, that all handlers would retain the right to vote in CAC elections for handler seats, but only AMRIC handlers would be eligible to run for a seat and serve on the CAC Board.

MOTION:

The CAC Board of Directors approves the Governance Committee's recommendation to modify the CAC law so that handler board representation is limited to AMRIC handlers.

(Caloroso/Shade) MSC Unanimous

MOTION 16-8-18-6

The Consider Committee Recommendation Regarding Defining Commercial Handlers and Establishing Criteria for Handler Representation on CAC Board Write-Up is included in the August 2016 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 8.C.

ITEM # 9 CHAIRMAN'S REPORT

Grower Communications and Fall District Meetings - Item 9.A

Mr. O'Hara reported that Commission management would not be conducting grower meetings in the Fall as they had done in previous years. Instead Mr. O'Hara encouraged Board members to hold meetings in each of their districts to report out on CAC activities and garner feedback regarding crop size and the proposed 2016-17 budget and assessment rate. In addition to in-person meetings, Commissioner's would also have an opportunity to participate in a magazine column, dedicated to district specific news, in the Fall 2016 issue of *From the Grove*.

2017 Annual Meeting Dates - Item 9.B

Mr. O'Hara stated that CAC staff was looking to secure venues for the 2017 CAC Annual Meetings and asked for comments regarding timing and structure of the 2016 Annual Meetings and whether management should plan similarly for 2017 or if there were other recommendations. There was support to keep the early-season timing the same, to kick-off the season as opposed to end an end-of-year recap. There was also consensus that CAC should plan for the same commissioner panel format to address growers' questions.

Recommend Representatives to the Hass Avocado Committee - Item 9.C

Mr. O'Hara reported that he had received a letter from Hass Avocado Board (HAB) Chairman Chris Henry requesting recommendations for CAC representatives to serve on the Hass Avocado Committee (HAC) for

the one-year term beginning November 2016. It was noted that the current CAC representatives serving on the HAC were Charley Wolk (member) and Ed McFadden (alternate member).

MOTION:

The CAC Board of Directors moves to recommend Charley Wolk as CAC Member representative on the Hass Avocado Board's Hass Avocado Committee.

(McFadden/Shade) MSC Unanimous

MOTION 16-8-18-7

MOTION:

The CAC Board of Directors moves to recommend Jason Cole as CAC Alternate representative on the Hass Avocado Board's Hass Avocado Committee.

(McFadden/Newhouse) MSC Unanimous

MOTION 16-8-18-8

The Recommend Representatives to the Hass Avocado Committee Board Write-Up is included in the August 2016 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 8.C.

ITEM # 10 MARKETING REPORT

Recap of 2016 Retail and Foodservice Programs - Item 10.A

Ms. DeLyser began the retail and foodservice report with a high-level recap of the success of the 2016 programs and introduced the CAC team working on the business, who then presented further details of the season's activities. In all, eleven members of marketing team, including Connie Stukenberg, Zac Benedict, Dave Cruz, Dave Anderson, Carolyn Becker, Kathleen Johnson, Marji Morrow, Steven Muro, Peggy McCormick, Kim Kurata and Dave Woolley, presented key successes achieved throughout the year highlighting retail promotions (including online and social media), supermarket registered dietitian programs, retail trade communications, trade advertising, foodservice chain promotions, events and new menu concept/culinary presentations.

The 2016 Retail and Foodservice Programs presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT E.

PMA Fresh Summit Update - Item 10.B

Ms. DeLyser presented an overview of CAC's planned participation in PMA's 2016 Fresh Summit convention taking place October 14-16, 2016 in Orlando, FL. She stated that communications had been sent out to Board Members regarding the availability of limited Expo passes and access to CAC's room block.

The CAC PMA Fresh Summit 2016 Board Update is attached to the permanent copy of these Minutes and identified as EXHIBIT F.

Ms. DeLyser stated that the Marketing Dashboard handout included highlights and key metrics on season-to-date activity on marketing programs.

The Marketing Dashboard - July 2016 is attached to the permanent copy of these Minutes and identified as EXHIBIT G.

ITEM # 11 PRODUCTION RESEARCH REPORT

Review Proposed Production Research Budget for 2016-17 - Item 11.A

Dr. Tim Spann, CAC research program director, reported that the Production Research Committee (PRC) had met in early-August to review proposals submitted for the 2016-17 fiscal year. With a budget target of \$675,000, and continuing projects and new proposals exceeding that amount, the PRC evaluated and prioritized each project to determine with research should be funded in next fiscal year. Dr. Spann presented the proposed 2016-17 budget, for a total expense of \$646,865 net to CAC, which included projects related to biocontrol of SHB, risk assessment and epidemiology of SHB, development of new rootstock varieties, maintaining germplasm collections, decision support tools for avocado production and improvement of yield per acre with high density plantings.

Dr. Spann commented that the SHB has not become the pest of avocados that was originally expected and therefore new projects related to SHB had not been recommended for funding. However, CAC would continue its monitoring efforts in Ventura County where the pest was not yet widespread, but would discontinue the monitoring program in San Diego County as of October 31, 2016. He stated that an article would go out in the upcoming issue of *From the Grove* advising growers of the change in monitoring and advising them to remain vigilant in scouting their groves.

The Review Proposed Production Research Budget for 2016-17 Board Write-Up is included in the August 2016 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 11.A.

The Production Research Budget is attached to the permanent copy of these Minutes and identified as EXHIBIT H.

ITEM # 12 HASS AVOCADO BOARD REPORT

Emiliano Escobedo, HAB executive director, reported that the next HAB Board meeting would take place on September 1, 2016 in Carlsbad and encouraged those interested to attend. He also reported on industry statistics, including a projected 2016 volume of 2.4 billion pounds and 2017 volume of 2.7 billion pounds. Mr. Escobedo stated that as part of HAB's strategic planning, they are forecasting a volume reaching 5 billion pounds in the next five years. He concluded by informing the Board that the avocado nutrition fact label had been updated for the first time in 20 years and increases the portion size from one-fifth of an avocado to one-third, however the portion remains under 100 calories and now provides a good source of fiber and folate.

ADJOURN MEETING

Mr. O'Hara adjourned the meeting at 12:25 p.m. The next Board meeting will be held on Thursday, October 20, 2016 in Irvine, California.

California Avocado Commission
Board Meeting Minutes
August 18, 2016

Respectfully submitted,

April Aymami, CAC Industry Affairs Manager

I certify that the above is a true statement of the Minutes of August 18, 2016 approved by the CAC Board of Directors on October 20, 2016.

Jim Swoboda, CAC Board Secretary

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

- EXHIBIT A August 2016 Board Packet
- EXHIBIT B Corporate Identity – New Logo, New Look presentation
- EXHIBIT C Item 7.D: 2016 General Election Update handout
- EXHIBIT D Leo McGuire’s Letter Regarding Proposed Producer Threshold
- EXHIBIT E 2016 Retail and Foodservice Programs presentation
- EXHIBIT F CAC PMA Fresh Summit 2016 Board Update
- EXHIBIT G Marketing Dashboard – July 2016
- EXHIBIT H Production Research Budget
- EXHIBIT I August 18, 2016 Board 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: California Avocado Commission Regular Board Meeting	Meeting Location: California Avocado Commission 12 Mauchly, Suite L Irvine, CA 92618	Meeting Date: August 18, 2016
--	--	---

<i>Attendees Who Voted</i>	<i>MOTION 16-8-18-1</i>	<i>MOTION 16-8-18-2</i>	<i>MOTION 16-8-18-3</i>	<i>MOTION 16-8-18-4</i>	<i>MOTION 16-8-18-5</i>	<i>MOTION 16-8-18-6</i>	<i>MOTION 16-8-18-7</i>	<i>MOTION 16-8-18-8</i>
John Burr	Yea	Yea	Yea	Yea	Yea	Yea	Yea	Yea
Jerome Stehly	Yea	Yea	Yea	Yea	Yea	Yea	Yea	Yea
Kellen Newhouse	Yea	Yea	Yea	Yea	Yea	Yea	Yea	Yea
Cristina Leon	Not Present	Yea	Yea	Yea	Nay	Yea	Yea	Yea
Ed McFadden	Yea	Yea	Yea	Yea	Yea	Yea	Yea	Yea
Doug O'Hara	Yea	Yea	Yea	Yea	Yea	Yea	Yea	Yea
John Lamb	Yea	Yea	Yea	Yea	Yea	Yea	Yea	Yea
Art Bliss	Yea	Yea	Yea	Yea	Yea	Yea	Yea	Yea
Jim Swoboda	Yea	Yea	Yea	Yea	Abstain	Yea	Yea	Yea
Rick Shade	Yea	Yea	Yea	Yea	Yea	Yea	Yea	Yea
Donny Lucy	Not Present	Yea	Yea	Yea	Yea	Yea	Yea	Yea
Gary Caloroso	Yea	Yea	Yea	Yea	Yea	Yea	Yea	Yea
Wayne Brydon	Not Present	Yea	Yea	Yea	Yea	Yea	Yea	Yea
Gene Carbone	Yea	Yea	Yea	Yea	Yea	Yea	Yea	Yea
Outcome	Unanimous	Unanimous	Unanimous	Unanimous	12 Yea 1 Nay 1 Abstain	Unanimous	Unanimous	Unanimous