

**CALIFORNIA AVOCADO COMMISSION
FINANCE COMMITTEE MINUTES
MAY 18, 2017**

A meeting of the Finance Committee of the California Avocado Commission (CAC) was held on Thursday, May 18, 2017 at 8:30 a.m. at the CAC Corporate Office in Irvine, CA with the following people present:

MEMBERS PRESENT

Art Bliss, Chairman
Gene Carbone
Robert Grether
John Lamb

MEMBERS ABSENT

Kellen Newhouse
Jim Swoboda

STAFF PRESENT

Monica Arnett
April Aymami
Tom Bellamore
Jan DeLyser
Ken Melban
Tim Spann

GUESTS PRESENT

Marlene Betts, USDA

Item #1: CALL TO ORDER

Finance Committee Chairman Art Bliss called the meeting to order at 8:30 a.m. with a quorum present.

Item #2: PUBLIC COMMENT

None.

Item #3: MINUTES

The Committee reviewed the minutes from the October 19, 2016 meeting. Gene Carbone requested that the format of future meeting minutes be condensed. After discussion the following motion was offered:

MOTION: *The Finance Committee approves the October 19, 2016 Finance Committee Meeting Minutes as presented. (Carbone/Lamb) MSC Unanimous*
MOTION 17-5-18-1

Item #4A: 2016-17 FINANCE COMMITTEE CALENDAR

The Committee reviewed the 2016-17 Finance Committee Calendar noting that all remaining meetings would be held the afternoon before CAC Board meetings.

Item #4B: 2016-17 FINANCIAL UPDATES

The Committee reviewed the 2016-17 Financial Statements as included in the May 18, 2017 Finance Committee Packet. Discussion ensued and the following points were made:

- Monica Arnett called the Finance Committee's attention to higher than anticipated revenue for the 2016-17 fiscal year. Ms. Arnett explained that the revenue surplus was due to a higher crop value than originally budgeted.
- The Committee reviewed the Revenue and Reserves Projection workbook for the 2016-17 fiscal year. Ms. Arnett explained the effect of the increased revenue could potentially add an additional two million dollars to the ending reserve balance. Tom Bellamore explained that this would provide the Commission with additional budget resources for the 2017-18 fiscal year where a higher volume crop was anticipated.
- Mr. Carbone inquired as to whether additional expenses would be incurred to utilize the additional 2016-17 revenue anticipated. Mr. Bellamore commented that no funds in excess of the budget would be spent and that funds were anticipated to be returned to the reserve balance at the end of the year.
- John Lamb inquired as to the timing and movement of the current California crop. Jan DeLyser responded that the crop was moving sooner and faster than anticipated resulting in expected volume to drop off significantly by mid-July.
- Mr. Carbone indicated that he believed total global avocado volume in the United States would equal 2.7 to 3 billion pounds in the 2017-18 fiscal year.

The 2016-17 Financial Update Packet is attached to the permanent copy of these Minutes as identified as Exhibit A.

Item #4C: REVIEW OF CORPORATE INSURANCE

The Committee reviewed the schedule of corporate liability insurance policies as included in the Finance Committee Packet. Ms. Arnett commented that total premiums and coverage remained consistent from the previous year, and that all insurance companies were highly rated with an "A" score or better.

Following review and additional discussion, the following motion was offered:

MOTION: *The Finance Committee approves the CAC Schedule of Insurance as presented. (Lamb/Carbone) MSC Unanimous MOTION 17-5-18-2*

The 2016-17 Schedule of Corporate Insurance is attached to the permanent copy of these Minutes as identified as Exhibit B.

Item #4D: REVIEW OF CONTRACTS OVER \$25,000

A list of all material contracts (\$25,000 and above) were presented to the Committee. Discussion ensued and the following points were made:

- Mr. Carbone inquired as to what the Deloitte contract referred to. Ms. DeLyser indicated that Deloitte's advisory group, LRA, would be conducting a qualitative consumer satisfaction study that would involve assessing retail customers' impressions of California avocados.
- Mr. Lamb inquired as to whether creative content generated from Mullen could be utilized by other agencies. Ms. DeLyser responded that all content created is shared between all agencies and creative platforms.

- Mr. Lamb inquired as to whether the amount of the Progressive Land Management contract seemed high. April Aymami indicated that the monthly management fees were very low and that most of the overall contracted amount were project costs relating to new tree plantings and irrigation updates at Pine Tree Ranch. Mr. Carbone inquired as to how a new land management company was selected. Mr. Bellamore responded that CAC staff underwent an extensive process to make their decision.

Item #4E: CASH DISBURSEMENT AUDIT

The Committee reviewed the disbursement registers for October 2016 through April 2017 as included in the Finance Committee Meeting Packet with no significant comments to note. Robert Grether requested that disbursements be sorted by vendor for future reference.

ADJOURN

Chairman Bliss adjourned the meeting at 9:03 a.m.

Respectfully submitted,

Monica Arnett, Director of Finance & Administration

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

- EXHIBIT A 2016-17 Financial Update Packet
- EXHIBIT B Schedule of Corporate Insurance
- EXHIBIT C May 18, 2017 Finance Committee Meeting AB 2720 Roll Call Vote Tally Summary