

**CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
November 17, 2022**

A meeting of the California Avocado Commission (CAC) Board was held on Thursday, November 17, 2022 with the following people present:

MEMBERS PRESENT

Gary Caloroso
Will Carleton
Jason Cole
John Cornell
Maureen Cottingham
Rob Grether
Jessica Hunter
Ohannes Karaoghlanian
Rachael Laenen
Daryn Miller
Michael Perricone
Peter Shore

ALTERNATES PRESENT

Catherine Keeling
Charley Wolk

MEMBERS ABSENT

None

ALTERNATES ABSENT

Connor Huser

OFFICIALLY PRESENT

Victoria Carpenter, *USDA*
Katie Cook, *USDA*
Ben Kardokus, *CDFA*
Temra Wald, *Temra Wald Consulting*

STAFF PRESENT

April Aymami
Zac Benedict
Dave Cruz
Jan DeLyser
Angela Fraser
Ken Melban
Jeff Oberman

GUESTS PRESENT

David Anderson
Carolyn Becker
David Cornell
Nikki Ford
Eddie Grangetto
Candace Hollar
Kathleen Johnson
Kim Kurata
John McGuigan
Leo McGuire
Jillian McMenamin
Marji Morrow
Steven Muro
Jill Netzel
Laura Paden
Bryan Reugebrink
Matt Schraut
Tim Spann

ITEM #1 CALL TO ORDER

Ben Kardokus, representing the California Department of Food and Agriculture (CDFA), called the meeting to order at 9:01 a.m.

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

Mr. Kardokus announced that results from the recently concluded 2022 CAC General Election had been tallied and the following individuals had been elected to the CAC Board for two-year terms ending October 31, 2024:

District 1 Member: Jessica Hunter

District 4 Member: Rachael Laenen

District 2 Member: John Cornell

District 5 Member: Will Carleton

District 3 Member: Maureen Cottingham

Handler Member: Gary Caloroso

Mr. Kardokus reported that during the election 195 valid ballots had been received, with 29 ballots disqualified. He noted that the disqualified ballots had no impact on the results of the election.

Roll Call – Item 1.b.

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

Introductions

April Aymami, CAC industry affairs director, announced the United States Department of Agriculture (USDA), CDFAs, CAC staff, CAC agency personnel and known guests participating in the meeting. She asked for all other guests to announce themselves and recorded all participants in attendance.

California Avocado Commission
Board Meeting Minutes
November 17, 2022

ITEM # 2 OPPORTUNITY FOR PUBLIC COMMENT

John Cornell, CAC District 2 Board Member, provided comments regarding Rob Grether and his possible nomination as CAC Chair for the 2022-23 term. He urged the Board not to support Mr. Grether's nomination, listing various reasons for his position. It was Mr. Cornell's opinion that Mr. Grether demonstrated unethical behavior and should have recused himself from voting on a CAC Public Member nominee due to his personal friendship with the individual. In addition, he felt that Mr. Grether should have advised the Board when he became aware that the previous CAC president had moved out of state. Lastly, Mr. Cornell noted that after coming to an agreement with Mr. Grether regarding his reimbursable travel expenses to attend the November CAC Board meeting, that Mr. Grether had later come back with a new interpretation of the CAC travel policy and unjustly reduced the amount Mr. Cornell could submit for reimbursement.

ITEM # 3 ELECTION OF OFFICERS

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

Mr. Kardokus provided a brief overview of Commission law and procedures as pertains to the nomination and election of Board officers.

Nominations and Election of Chairperson – Item 3.b.

Following the instructions on nominations and voting for board officers, Mr. Kardokus called for nominations for the seat of Chairperson. Rob Grether was nominated for the position of Chairperson by Rachael Laenen. Michael Perricone was nominated for the position of Chairperson by John Cornell. Subsequently, Mr. Perricone declined the nomination for the position. There were no further nominations for the position of Chairperson.

ACTION:

***Move to elect Rob Grether to the position of Chairperson.
MSC (11 Yea/1 Nay)***

MOTION 22-11-17-1

ITEM #4 CHAIRPERSON TAKES GAVEL AND PRESIDES

Chairperson's Opening Remarks – Item 4.b.

Mr. Grether thanked the Board for their support and electing him to the position of Chairperson for another term. He commented that the Board had made great progress, but there was still more work to be done. Mr. Grether noted he was always available and will continue to rely on support from the Board.

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

Vice Chairperson

Mr. Grether assumed the position of Chairperson and requested nominations for the position of Vice-Chairperson. Rachael Laenen was nominated for the position of Vice-Chairperson by Jason Cole. There were no further nominations for the position of Vice-Chairperson.

ACTION:

***Move to elect Rachael Laenen to the position of Vice-Chairperson.
MSC (Unanimous)***

MOTION 22-11-17-2

Secretary

Mr. Grether requested nominations for the position of Secretary. Jessica Hunter was nominated for the position of Secretary by Rachael Laenen. There were no further nominations for the position of Secretary.

ACTION:

***Move to elect Jessica Hunter to the position of Secretary.
MSC (Unanimous)***

MOTION 22-11-17-3

California Avocado Commission
Board Meeting Minutes
November 17, 2022

Treasurer

Mr. Grether requested nominations for the position of Treasurer. Jason Cole was nominated for the position of Treasurer by Jessica Hunter. There were no further nominations for the position of Treasurer.

ACTION:

Move to elect Jason Cole to the position of Treasurer.

MSC (Unanimous)

MOTION 22-11-17-4

ITEM # 5 CONSENT CALENDAR

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 CAC Board of Directors approves the Consent Calendar, Items 5.a through 5.c as presented.

(Cole/Miller) MSC Unanimous

MOTION 22-11-17-5

The Consent Calendar is included in the November 2022 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Items 5.a through 5.c.

ITEM #6 OPERATIONS REPORT

Annual Audit - Item 6.a.

Ken Melban, CAC vice president of industry affairs and operations, reported CAC management had issued a request for proposals for financial audit services, with responses due back by the end of November 2022, in hopes that the final audit report could be presented to the Board at the February 2023 meeting.

Mr. Melban also reported that CAC's internal control policies and procedures were currently under review and that the operations department was working to transition month-end accounting services to an outsourced accounting firm.

ITEM #7 CAC 2022-23 MARKETING BUSINESS PLAN REVIEW

Revised Budget - Item 7.a.

Consumer-Trade Overview 7.b

Jeff Oberman, CAC president, commented that at the October 2022 CAC meeting, the Board had taken action to approve an \$8.6 million dollar marketing budget with the direction to management to revise the marketing plan within defined parameters. He noted that the marketing team had incorporated the Board's directive into the plan presented in the Board packet.

Jan DeLyser, CAC vice president marketing, summarized the revisions, noting the percentage shift between consumer and trade activities, with consumer scaled back and an increase to trade. She went on to explain the importance of the integration between CAC marketing programs and the need to continue to support the consumer advertising program which helps pull fruit through the market. Ms. DeLyser recognized the Board's desire to dig deeper into the marketing programs and make adjustments, and encouraged them to approve the plan as presented, as the revisions made addressed the requests of the Board.

The Board and management discussed various details of the proposed plan, highlighting the need for CAC to own content and assets, and look for opportunities to bring projects in-house instead of using third-party content creators. There was a desire to better understand how the marketing dollars were being spent and develop metrics to gauge success and return on

California Avocado Commission
Board Meeting Minutes
November 17, 2022

investment. An explanation was provided about the monies allocated for export marketing, noting the nominal budget was only CAC's matching funds to support the larger overall budget which was funded through federal grants. It was noted that while not much California fruit had been exported in recent years, that the export marketing promotions help provide another avenue for handlers to move California fruit when the U.S. market may be saturated. There was concern raised about the number of small cuts made to many programs, and the result of the overall effectiveness of the programs, to which management felt the proposed budget and plan allowed California to keep a foot in the door with these programs on a small crop year. Lastly, the question of using agencies, versus in-house staff, was raised. Comments were made in support of both options, and it was noted that all organizations like CAC have to continually evaluate what is done in-house as opposed to outsourced. The discussion concluded with the understanding that it was the Board's duty to approve a budget and management's responsibility to determine the most effective way to allocate resources to execute the plan.

MOTION:

The CAC Board of Directors approves the 2022-23 Marketing Plan and Budget as presented.

(Carleton/Laenen) MSC Unanimous

MOTION 22-11-17-6

The 2022-23 Marketing Plan and Budget are included in the November 2022 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 7.

ITEM #8 TRACKING STUDY PRESENTATION – TEMRA WALD

Ms. DeLyser introduced Temra Wald of Temra Wald Consulting. She noted that Ms. Wald had worked on CAC's business for many years bringing unique expertise that helps CAC craft the study to continually improve results.

Ms. Wald presented the results of the 2022 CAC Tracking Research providing an overview of methodology used, along with highlights of significant findings. The research concluded that awareness of California continues to be strong and mostly associated with summer, followed by spring. While U.S. and locally grown continues to be important, it was noted that checking for region had declined. Additionally, California Avocados continued to be seen as most premium, best quality and best tasting, freshest, safest, worth paying more for and the preferred region. With regard to fruit size, large was still the preferred choice, but preference for small had increased. Lastly, sustainability continued to be important among consumers and worth paying more for.

As a result of these findings, Ms. Wald suggested CAC continue to communicate the benefits of being grown in California, continue to remind consumers why California Avocados are better and worth paying more for and reinforce the messages regarding the sustainable growing practices utilized by California growers.

During Board discussion a question was raised about how to get this information to the handlers, to which Ms. DeLyser stated the same presentation would be made to the CAC Marketing Committee and was incorporated into parts of the handler season kick-off meetings conducted by CAC in January. Another question was asked about health and nutrition and why CAC didn't focus on those areas in the tracking study. Ms. DeLyser noted that the Hass Avocado Board conducts a similar study each year and addresses the areas of health and nutrition.

The CAC 2022 Tracking Study Presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT B.

California Avocado Commission
Board Meeting Minutes
November 17, 2022

ITEM #9 INDUSTRY AFFAIRS REPORT

Mr. Oberman reported on CAC management’s meetings with industry stakeholders at the International Fresh Produce Association Global Produce & Floral Show. He noted that it was expected 2023 would see an large increase in avocado volume in the U.S. and the importance of maintaining relationships to support the growth of the U.S. market.

Mr. Melban stated that a virtual workshop to present information regarding the GEM variety was scheduled for December. He had invited handlers to participate in a panel discussion during the workshop to provide factual information about the variety and the marketing plans each handler had in place. A suggestion was made that the handlers should gather information from their retail partners about their position on other varieties to present at the meeting as well.

There was an open discussion about CAC focusing on marketing versus the sustainability of the California avocado industry. It was commented that CAC cannot ensure all growers or potential growers are profitable and that there are limited areas that CAC can impact, specifically work to drive volume and value higher. Points were made for increased grower education and outreach to improve production per acre, however even then, with production costs varying greatly across regions, it would be difficult to ensure increased profitability for all. It was also noted that many other handlers and grower associations were conducting extensive grower outreach and education seminars, many of which CAC supported or participated in.

Lastly, Mr. Melban provided a brief update on his work with a group to look at how to revitalize agriculture in San Diego County. The focus was on increasing productivity and improving efficiencies to sustain avocado growers. Once the work plans are finalized, the hope is that growers would be able to tap into grant funds for projects aligned with these goals.

ADJOURN MEETING

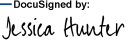
Mr. Grether adjourned the meeting at 11:35 a.m. The next regularly scheduled Board meeting will be held on February 28, 2023.

Respectfully submitted,

DocuSigned by:

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April Aymami, CAC Industry Affairs Director

I certify that the above is a true statement of the Minutes of November 17, 2022 approved by the CAC Board of Directors on March 14, 2023.

DocuSigned by:

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Jessica Hunter, CAC Board Secretary

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

- EXHIBIT A November 2022 Board Packet
- EXHIBIT B CAC 2022 Tracking Study Presentation
- EXHIBIT C November 17, 2022 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: <i>California Avocado Commission Regular Board Meeting</i>	Meeting Location: <i>Hybrid In-Person – Irvine Online - Zoom</i>	Meeting Date: <i>November 17, 2022</i>
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<i>Attendees Who Voted</i>	<u><i>MOTION 22-11-17-1</i></u>	<u><i>MOTION 22-11-17-2</i></u>	<u><i>MOTION 22-11-17-3</i></u>	<u><i>MOTION 22-11-17-4</i></u>	<u><i>MOTION 22-11-17-5</i></u>	<u><i>MOTION 22-11-17-6</i></u>
Michael Perricone	Yea	Yea	Yea	Yea	Yea	Yea
Jessica Hunter	Yea	Yea	Yea	Yea	Yea	Yea
Ohannes Karaoghlanian	Yea	Yea	Yea	Yea	Yea	Yea
John Cornell	Nay	Yea	Yea	Yea	Yea	Yea
Rob Grether	Yea	Did Not Vote	Did Not Vote	Did Not Vote	Did Not Vote	Did Not Vote
Maureen Cottingham	Yea	Yea	Yea	Yea	Yea	Yea
Jason Cole	Yea	Yea	Yea	Yea	Yea	Yea
Rachael Laenen	Yea	Yea	Yea	Yea	Yea	Yea
Daryn Miller	Yea	Yea	Yea	Yea	Yea	Yea
Will Carleton	Yea	Yea	Yea	Yea	Yea	Yea
Peter Shore	Yea	Yea	Yea	Yea	Yea	Yea
Gary Caloroso	Yea	Yea	Yea	Yea	Yea	Yea
<i>Outcome</i>	11 Yea 1 Nay	Unanimous	Unanimous	Unanimous	Unanimous	Unanimous