

**CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
February 24, 2022**

A web/teleconference meeting of the California Avocado Commission (CAC) Board was held on Thursday, February 24, 2022 with the following people present:

MEMBERS PRESENT

Gary Caloroso
Jason Cole
John Cornell
Rob Grether
Jessica Hunter
Ohannes Karaoghlanian
Rachael Laenen
John Lloyd-Butler
Daniella Malfitano
Daryn Miller
Michael Perricone
Andrew Prechtl
Peter Shore

ALTERNATES PRESENT

Will Carleton
Maureen Cottingham
Connor Huser
Catherine Keeling
Ryan Rochefort
Charley Wolk

MEMBERS ABSENT

None

ALTERNATES ABSENT

None

ITEM #1 CALL TO ORDER

Roll Call/Quorum – Item 1.a.

Rob Grether, CAC chairman, called the meeting to order at 10:01 a.m. with a quorum present.

Introductions – Item 1.b.

April Aymami, CAC industry affairs director, announced the California Department of Food and Agriculture (CDFA) and US Department of Agriculture (USDA) representatives, CAC staff and known guests participating in the web/teleconference call. She asked for all other guests to announce themselves and recorded all participants in attendance.

ITEM # 2 OPPORTUNITY FOR PUBLIC COMMENT

CAC Board Member John Cornell commented on the passing of a well-known grower, James Lloyd-Butler. Both Mr. Cornell and Mr. Grether noted that Mr. Lloyd-Butler had made numerous contributions to the California avocado industry and would be missed.

ITEM # 3 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:

OFFICIALLY PRESENT

Victoria Carpenter, *USDA*
Peter George, *MGO*
Kathleen Johnson, *PJ/PR*
Ben Kardokus, *CDFA*
Jillian McMenamin, *Golin*
Marji Morrow, *Rockwell
Morrow*
Chris Parker, *MGO*
Miranda Townsend, *CDFA*
Temra Wald, *TWC*

STAFF PRESENT

Monica Arnett
April Aymami
Tom Bellamore
David Cruz
Jan DeLyser
Angela Fraser
Stacia Kierulff
Miriam Martinez
Ken Melban
Cristina Wede

GUESTS PRESENT

David Anderson
Carolyn Becker
Michaela Dollar
Emiliano Escobedo
Brittany Ferrant
Candace Hollar
Gerardo Huerta
Lauren Kelley
Kim Kurata
John McGuigan
Steven Muro
Jill Netzel
Laura Paden
Martin Pagh Ludvigsen
Lecia Rdzak
Matt Schraut
Tim Spann

MOTION:

The CAC Board of Directors approves the Consent Calendar, Items 3.a through 3.e as presented.

(Cole/Malfitano) MSC Unanimous

MOTION 22-2-24-1

The Consent Calendar is included in the February 2022 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Items 3.a through 3.e.

ITEM #4 TREASURER'S REPORT

Consider Acceptance of 2020-21 Audited Financial Statements – Item 4.a.

Monica Arnett, CAC vice president of finance and administration, stated that the audited financial reports and supplemental documentation prepared by Macias, Gini, O'Connell (MGO) were included in the board packet and introduced Chris Parker, MGO partner, to present the results of the 2020-21 audit.

Mr. Parker presented an overview of the annual audit process and procedures, as well as a summary of the findings included in the report. He noted that MGO issued an unmodified opinion as a result of their audit of the 2020-21 CAC financials, noting that there were no significant findings to report.

During Board discussion, a question was raised regarding how the merchandise shop was reported on the financial statements. CAC staff and auditors explained that the merchandise shop financials are reported as part of "Other income" on the audited financials, but internally the revenue and expenditure are tracked in detail. It was noted that the threshold for these types of line items to be called out specifically in the financial statements would be when revenue reached 2-3% of assets.

Another Board member inquired about how the auditors verified the appropriateness of expenditures. Ms. Arnett and Mr. Parker reported that CAC's engagement letter with MGO requests the auditing firm to test CAC's compliance against the internal control policies and procedures currently in place. Additionally, MGO reviews CAC financials for compliance with both CDFA and USDA guidelines. It was reported that no instances of noncompliance were found.

MOTION:

Move to accept the 2020-21 Audited Financial Statements as presented.

(Lloyd-Butler/Malfitano) MSC Unanimous

MOTION 22-2-24-2

The 2020-21 Audited CAC Financial Statements and Supplemental MGO Required Communication Letters are included in the February 2022 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 4.a.

ITEM #4 MARKETING REPORT

Consumer Tracking Study – Temra Wald – Item 5.a.

Tom Bellamore, CAC president, introduced Temra Wald of Temra Wald Consulting. He 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 2021 CAC Tracking Research providing an overview of methodology used, along with highlights of significant findings. The research concluded that awareness of California as a growing region had increased, and that ad awareness remained at the highest level to date. Additionally, California Avocados continued to be seen as most premium, best tasting, freshest, safest, worth paying more for and the preferred region. Ms.

Wald reported that moving forward there were opportunities for CAC to increase region checking, noting that the biggest barrier to checking was price and biggest source for checking was the sticker. She also commented that sustainability was important and consumers report is worth paying for. As a result of these findings, Ms. Wald suggested CAC continue to communicate the benefits of being grown in California, reinforce superiority messaging, continue to remind consumers why California Avocados are better and worth paying more for and consider emphasizing water safety and sustainable growing conditions.

During Board discussion a question was raised regarding the sustainability web page that had been created and if consumers were accessing the content. There was also a comment made regarding the perception of safety and whether CAC had plans to incorporate this into their marketing messaging. It was reported that the top reasons people visit CAC's consumer website was for recipes and nutrition information, but that CAC was considering a project to incorporate more sustainability messaging into the grower profile section of the website. Ken Melban, CAC vice president of industry affairs, also commented that the Board may want to consider completing a life cycle analysis which would help CAC have the facts to support sustainability messaging that may be utilized for marketing.

The Board also discussed labeling and increasing California visibility on existing stickers and bag headers. It was noted that while the bag headers present more room to maximize the country of origin, it is up to the handlers what information is displayed on their individual company labeling methods. There was consensus that the bag headers present an opportunity for California to do better in calling out the origin of the fruit.

The 2021 CAC Tracking Research presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT B.

Consumer PR Plans – Item 5.b.

Living Well Brand Advocates Report – Item 5.c.

Angela Fraser, CAC director trade and legal affairs, introduced representatives from Golin and PJ/PR, who provided an overview of the upcoming activities in the public relations and living well brand advocates programs. They also presented information regarding customized retail programs that had been developed for CAC's top-tier retailers.

The Consumer PR and Living Well Brand Advocates presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT C.

Merch Shop Update – Item 5.d.

Marji Morrow of Rockwell Morrow, reported on CAC's merchandise shop, highlighting sales and visitor data for the current year, as well as from the store's inception. She also noted the top selling items and general observation that orders had increased compared to last year but lag behind the current year's goal. Ms. Morrow commented that consumer engagement has increased significantly compared to last year and shop logistics continue to run smoothly.

The Board discussed the goals for the merchandise shop, and that while the shop was not created to return a profit, an in depth look at the return on investment by the Finance Committee was recommended. It was noted that detailed revenue and expenditures for the merchandise shop were provided in the financial reports presented to the Board, and that staff time and associated salaries were not included in those figures. Jan DeLyser, CAC vice president marketing, reported that the marketing team was monitoring and evaluating the shop's performance regularly and would come with recommendations regarding future shop activity as part of CAC's annual planning process.

The California Avocado Merchandise Shop report is attached to the permanent copy of these Minutes and identified as EXHIBIT D.

ITEM #6 CHAIRMAN'S REPORT

Consider Sponsorship of Participant(s) in HAB BOLD Program – Item 6.a.

Mr. Grether called the Board's attention to the write-up regarding the sponsorship of a participant, or participants, in HAB's second Board Leadership Development (BOLD) program. He noted that CAC sponsored two candidates in the inaugural year, Rachael Laenen and Connor Huser, both of whom had met CAC's requirements of sponsorship, that being a currently seated Board member or alternate. Mr. Grether reported that California producer and CAC Board Alternate Maureen Cottingham had applied to the program, and was the only California applicant to meet the requirements for sponsorship that CAC had implemented the previous year. Ms. Laenen and Mr. Huser both commented on their experience in the HAB BOLD Program, noting they found it to be very valuable.

The Board discussed the current requirement of CAC sponsorship being limited to currently seated Board members or alternates, as well as concern that even if CAC should agree to sponsor an applicant that HAB retains the final authority of which applicants are selected for the program. Mr. Grether remarked that CAC had set the current criteria because there was concern there could be a lot of interest from California producers, and the CAC Board wanted to support the professional development of currently seated Board members and alternates. He also commented that while HAB does retain the final authority of who is selected for the program, the question before the CAC Board is whether they wish to sponsor Ms. Cottingham and/or any other applicants, should they be accepted.

MOTION:

Move to sponsor Maureen Cottingham's candidacy in the HAB BOLD Program up to \$9,000.

(Caloroso/Lloyd-Butler) MSC 11 Yea/1 Nay

MOTION 22-2-24-3

The Consider Sponsorship of Participant(s) in HAB BOLD Program write-up is included in the February 2022 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 6.a.

Succession Update – Item 6.b.

Mr. Grether provided an update on the work of the Succession Task Force, noting that a slate of CEO candidates was currently being reviewed. He stated that there was a range of candidates from different backgrounds interested in working for CAC, which was exciting for the Task Force to see. Mr. Grether stated that he expected to call the Board back in the second half of March with a recommendation from the Task Force. He also reported that he anticipated holding a Board strategic planning session once a CEO successor was in place.

GEM Update – Item 6.c.

Mr. Melban presented an update on the GEM variety, including the history of its development, current industry statistics (production, sizing and value) and CAC's efforts to provide education to both growers and retailers about the variety.

The Board discussed CAC's efforts to specifically market the GEM variety, especially in light of it representing a very small percentage of the overall crop volume. Ms. DeLyser clarified that CAC conducts California-specific advertising and that anything GEM-specific would be limited to a promotion with retailers willing to carry GEM as a secondary variety in their stores.

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The GEM Update presentation is attached to the permanent copy of these Minutes and identified as EXHIBIT E.

ADJOURN MEETING

Mr. Grether asked for any closing comments, to which Mr. Cornell reiterated his position that everything CAC is doing is meaningless if the consumer cannot differentiate the country of origin at point of sale.

Mr. Grether adjourned the meeting at 12:15 p.m. The next regularly scheduled Board meeting will be held on May 19, 2022.

Respectfully submitted,

April Aymami, CAC Industry Affairs Director

I certify that the above is a true statement of the Minutes of February 24, 2022 approved by the CAC Board of Directors on May 19, 2022.

Jessica Hunter, CAC Board Secretary

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

EXHIBIT A	February 2022 Board Packet
EXHIBIT B	2021 CAC Tracking Research Presentation
EXHIBIT C	Consumer PR and Living Well Brand Advocates Presentation
EXHIBIT D	California Avocado Merchandise Shop Report
EXHIBIT E	GEM Update Presentation
EXHIBIT F	February 24, 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>Zoom Web/Teleconference</i>	Meeting Date: <i>February 24, 2022</i>
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<i>Attendees Who Voted</i>	<u><i>MOTION</i></u> <u><i>22-2-24-1</i></u>	<u><i>MOTION</i></u> <u><i>22-2-24-2</i></u>	<u><i>MOTION</i></u> <u><i>22-2-24-3</i></u>
Michael Perricone	Yea	Yea	Yea
Jessica Hunter	Yea	Yea	Yea
Ohannes Karaoghlanian	Yea	Yea	Yea
John Cornell	Yea	Yea	Nay
Rob Grether	Did Not Vote	Did Not Vote	Did Not Vote
John Lloyd-Butler	Yea	Yea	Yea
Jason Cole	Yea	Yea	Yea
Rachael Laenen	Yea	Yea	Yea
Daryn Miller	Did Not Vote	Yea	Yea
Andrew Prechtl	Yea	Yea	Yea
Peter Shore	Yea	Yea	Yea
Gary Caloroso	Yea	Yea	Yea
Daniella Malfitano	Yea	Yea	Yea
<i>Outcome</i>	Unanimous	Unanimous	11 Yea 1 Nay