

CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
OCTOBER 11, 2023

A meeting of the California Avocado Commission (CAC) Board was held on Wednesday, October 11, 2023 with the following people present:

MEMBERS PRESENT

Gary Caloroso
Jason Cole
Quinn Cotter
Maureen Cottingham
Rob Grether
Jessica Hunter
Jamie Johnson (Carleton Alt.)
Rachael Lanean
Daryn Miller
Michael Perricone
Peter Shore
Charley Wolk (Karaoghlanian Alt.)

ALTERNATES PRESENT

Maddie Cook
Robert Jackson
Jamie Shafer

MEMBERS ABSENT

Will Carlton
John Cornell
Ohannes Karaoghlanian

ALTERNATES ABSENT

Connor Huser
Hayden McIntyre

OFFICIALLY PRESENT

Victoria Cao, HAB BOLD
Katie Cook, USDA
Ben Kardokus, CDFA
Nathan Lurie, HAB BOLD
Sam Mareno, USDA
John McGuigan, HAB
George Soares, Kahn, Soares & Conway, LLP

STAFF PRESENT

April Aymami
Zac Benedict*
Dave Cruz*
Stacia Kierulff
Ken Melban
Lori Small*
Terry Splane*

GUESTS PRESENT

Mark Buhl
John Berns

*Left during closed session due to Covid exposure.

ITEM #1 CALL TO ORDER

Roll Call/Quorum – Item 1.a.

Rob Grether, CAC chairman, called the meeting to order at 8:37 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 meeting. She requested all other guests to announce themselves so that all participants could be recorded in attendance.

ITEM #2 OPPORTUNITY FOR PUBLIC COMMENT

Mark Buhl provided a written document and resume for the Board's consideration for his self-nomination for president of the California Avocado Commission.

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:

MOTION:

The CAC Board of Directors approves the Consent Calendar, Items 3.a, 3.b., 3.c. and 3.d as presented.

(Miller/Cole) MSC Unanimous

MOTION 23-10-11-1

The Consent Calendar is included in the October Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Items 3.a, 3.b., 3.c. and 3.d.

ITEM #4 – CLOSED SESSION REGARDING THE APPOINTMENT, EMPLOYMENT, EVALUATION OF PERFORMANCE, OR DISMISSAL OF AN EMPLOYEE PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 11126(a)

The Board may go into closed session to discuss and make recommendations regarding appointment, employment, or dismissal of an employee – Item 4.a

Mr. Grether convened a Closed Session of board members, alternates, legal counsel, and the CDFA representative at 8:45a.m.

Return to open session and announce action taken in closed session, if any – Item 4.c.

Mr. Grether returned to open session at 10:30 a.m. and announced no action was taken.

ITEM #5 CHAIRMAN'S REPORT

Recommend Member and Alternate to Serve on Hass Avocado Board – Item 5.a.

Rob Grether, CAC Chairman, informed the Board that there is a request from the Hass Avocado Board for the Board to recommend a member and alternate to serve on the Hass Avocado Committee. The recommendation needs to come before the next HAC is seated on January 1, 2024. He said this is an information item only and if anyone is interested in serving to contact the CAC Chairman.

Recommend Member and Alternate to Serve on Avocado Sustainability Advisory – Item 5.b.

Rob Grether, CAC Chairman, informed the Board that there is a request for a member and alternate to serve on the Avocado Sustainability Advisory. Presently serving is Ken Melban, CAC VP of Industry Affairs and Operations and Connor Huser, CAC Alternate Member. Mr. Grether stated that this item will be discussed at the November 2023 Board Meeting, but he wanted to plant the seed for anyone that is interested in serving. Anyone interested in serving should contact the CAC Chairman and/or Board before or at the November 2023 meeting.

Daryn Miller, CAC Board Member, informed the Board that he may be willing to serve on the Avocado Sustainability Advisory.

Mr. Grether asked Mr. Melban if he would be willing to continue to serve on Avocado Sustainability Advisory, and Mr. Melban stated that he is willing to continue to serve.

Pine Tree Ranch Update – Item 5.c.

Rob Grether, CAC Chairman, informed the Board that the variable speed pump was not installed within the first three-month lease extension with Cal Poly Pomona. Mr. Grether reported management recommended to the Executive Committee extending the lease for three additional months and he said the Committee had approved the extension.

ITEM #6 TREASURER'S REPORT

Auditor's Letter of Engagement for 2022-23 Financial Audit – Item 6.a.

Jason Cole, CAC Treasurer, informed the Board that everything he is reporting on was discussed in the Finance Committee. Mr. Cole reported that there was nothing amiss with the audit, so he is looking for a motion to approve as presented:

MOTION:

The CAC Board of Directors approves the Auditor's Letter of Engagement, Item 6.a. as presented.

(Miller/Cottingham) MSC Unanimous

MOTION 23-10-11-2

2022-23 Profit Sharing Plan Contributions – Item 6.b.

Jason Cole, CAC Treasurer, informed the Board that when Ed McFadden was Chairman, he thought it would be prudent to have someone from the Finance Committee review the contribution policy, which he had done.

Internal Control Policies and Procedures – Item 6.c.

Jason Cole, CAC Treasurer, informed the Board that some of the changes listed on the document came from the Auditor's Letter of Engagement. The Board reviewed line by line the authorization matrix presented on the projector screen (Item 6.c. page 78 of the Board packet).

During the discussion of the ICPP's, it was noted that the CAC Marketing team was no longer in attendance at the Board meeting. Mr. Grether addressed this issue by notifying everyone that the Marketing team had been exposed to COVID recently and learned this information while the Board was in closed session. Per CAC policy, the exposed CAC employees went home.

Mr. Grether commented CAC management worked with Moss Adams to get their guidance as auditors for appropriate control levels. Based on the size of our organization and the volume of checks and invoices that are required to be approved by different levels, they came back with a few recommendations. The authorization matrix items that the Board added during the meeting are as follows:

- Purchase Orders over \$3,000 – Requires both Chairman and Treasurer approval
- Vice Presidents' Expense Reports – Requires both Chairman and Treasurer approval
- Change in User Permissions – Requires both Chairman and Treasurer approval
- New Hire – Requires full Executive Committee approval
- Pay Rate Changes (all employees) – Requires full Executive Committee approval
- Payroll – Requires Treasurer or Chairman approval (submit to Treasurer first, if not available, then Chairman)

Mr. Grether asked if there were any further questions or comments. Hearing none, he asked for motion to approve as presented:

MOTION:

The CAC Board of Directors approves the Internal Control Policies and Procedures, Item 6.c. as presented.

(Caloroso/Lanean) MSC Unanimous

MOTION 23-10-11-3

CAC Reserves Policy – Item 6.d.

Ken Melban, CAC VP of Industry Affairs and Operations commented that this is a review of the reserves policy that has been set by this Board at five million dollars (\$5 mm). Mr. Melban asked the Board if they believe this is the right amount. He mentioned the Finance Committee has already reviewed this item and believes this is the right amount. There were no requests to change this amount, therefore no action was taken.

Finance Committee Recommendation on 2023-24 Budget and Assessment Rate – Item 6.e.

Jason Cole, CAC Treasurer, reported to the Board that the Finance Committee did not come to a formal recommendation.

ITEM #7 CONSIDER APPROVAL OF PROPOSED 2023-24 CAC BUSINESS PLAN AND BUDGETS

The budget items were discussed first and April Aymami, CAC Industry Affairs Director, placed the budget on the screen for the Board to view (pages 158-162 in the Board packet).

Rob Grether, CAC Chairman, asked about the Commissioner Expenses account titled Travel, Lodging, Mileage, Meals & Entertainment reflecting a reduction of almost twenty thousand dollars and basis for it (page 162 of the Board packet). April Aymami replied that last year the budget included that cost of the Chairman traveling to the World Avocado Conference.

Mr. Grether then asked about the Professional Fees account titled Legal & Other Professional the reduction of fifteen thousand (\$15k) and the basis for it (page 162 of the Board packet). Ms. Aymami replied that last year, we asked the auditing firm Moss Adams to review the CAC Internal Control Policies and Procedures, so we added the fifteen-thousand-dollar amount into the budget for this item. The reduction is because we are not doing this project in fiscal year 2023-2024.

Charley Wolk, CAC Board Member, asked about the Legal/Governance account titled Legal Support showing an increase of sixty-thousand-dollars (\$60k) (page 160 of the Board packet). Mr. Melban replied this is for potential legal costs due to requests for information under the Public Records Act.

Gary Caloroso, CAC Board Member, asked why the Education & Outreach account titled Field Meetings, Seminars & Workshops reflecting was reduced. (page 160 of the Board packet). Mr. Melban replied the reduction is due to removing funding for a visiting researcher.

Robert Jackson, CAC Board Alternate, asked why CAC is spending so much money on research and field testing when the nurseries are already doing the bulk of it (pages 155-157 in the Board packet). Ms. Aymami replied this research is specific to sites that have been selected by CAC with grower cooperators on five selected root stocks. CAC has identified these root

stocks as promising and we can verify how they are operating in the field on a commercial scale. She reported this was a recommended project from the last PRC meeting in September.

Gary Caloroso, CAC Board Member, commented that viewing the reduction in the Consumer Public Relations accounts is important that CAC shift focus and do more Trade than Consumer (page 159 of the Board packet). Mr. Melban commented that bringing on the new CAC employee Lori Small is part of this plan as she has experience in PR and hiring her allows CAC to bring the PR in-house.

Mr. Caloroso commented that what we really want is to have the retailers social media channels promoting California avocados which will lead the consumers to buy more avocados which in turn leads the retailers to buy more avocados from the suppliers and evaluate the return for growers.

Rob Grether, CAC Chairman, commented that in reviewing the Marketing budget items in the absence of Terry Splane, CAC VP of Marketing, and his team present at this point of the Board meeting is a bit unfair. Mr. Grether commented that Mr. Splane is doing his best with a new hire and a new agency and a new perspective while at the same time not trying to rock the boat. Mr. Splane inherited the budget last year and did what he could to refine it within the commitments that were previously made.

Mr. Grether asked if there were any further questions or comments. Hearing none, he asked for motion to approve as presented:

MOTION:

The CAC Board of Directors approves the Proposed 2023-24 CAC Business Plan and Budgets, Item 7. as presented.

(Caloroso/Miller) MSC Unanimous

MOTION 23-10-11-4

ITEM #8 ESTABLISH ASSESSMENT RATE FOR 2023-24 FISCAL YEAR

Ken Melban, CAC VP of Industry Affairs and Operations reminded the Board where we left the assessment rate discussion at the August Board meeting. The consensus from the August meeting was a total revenue of \$9.5 million, 2.25% assessment, \$1.15 average price per pound, and a crop of two hundred million.

The Board discussed an appropriate assessment rate that aligns with the ending reserve policy of five million. After a lengthy Board discussion, the consensus was to set the assessment rate for 2023/2024 at 2.25%.

Mr. Grether asked if there were any further questions or comments. Hearing none, he asked for motion to approve as presented:

MOTION:

The CAC Board of Directors moves to set the 2023-24 Assessment Rate at 2.25% of the gross dollar value of sales for all varieties during any full or partial month the Federal HASS Avocado Promotion, Research, and Information Order (Order) is in effect, and at 4.33% of gross dollar value of sales for all varieties during any full month the federal assessment under the Order is not in effect.

(Cole/Johnson) MSC Unanimous

MOTION 23-10-11-5

California Avocado Commission
Board Meeting Minutes
October 11, 2023

ADJOURN MEETING

Mr. Grether adjourned the meeting at 12:32 p.m.

Respectfully submitted,

Stacia Kierulff, CAC Human Resource Manager

I certify that the above is a true statement of the Minutes of October 11, 2023 approved by the CAC Board of Directors on October 11, 2023.

Jessica Hunter, CAC Board Secretary

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

EXHIBIT A Consent Calendar

EXHIBIT B October 11, 2023 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>In-Person – Irvine</i>	Meeting Date: <i>October 11, 2023</i>
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<i>Attendees Who Voted</i>	<u><i>MOTION 23-10-11-1</i></u>	<u><i>MOTION 23-10-11-2</i></u>	<u><i>MOTION 23-10-11-3</i></u>	<u><i>MOTION 23-10-11-4</i></u>	<u><i>MOTION 23-10-11-5</i></u>
Michael Perricone	Yea	Yea	Yea	Yea	Yea
Jessica Hunter	Yea	Yea	Yea	Yea	Yea
Charley Wolk	Yea	Yea	Yea	Yea	Yea
Quinn Cotter	Yea	Yea	Yea	Yea	Yea
Rob Grether	Did Not Vote	Did Not Vote	Did Not Vote	Did Not Vote	Did Not Vote
Maureen Cottingham	Yea	Yea	Yea	Yea	Yea
Jason Cole	Yea	Yea	Yea	Yea	Yea
Rachael Laenen	Yea	Yea	Yea	Yea	Yea
Daryn Miller	Yea	Yea	Yea	Yea	Yea
Jamie Johnson	Yea	Yea	Yea	Yea	Yea
Peter Shore	Yea	Yea	Yea	Yea	Yea
Gary Caloroso	Yea	Yea	Yea	Yea	Yea
<i>Outcome</i>	Unanimous	Unanimous	Unanimous	Unanimous	Unanimous