

**CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
June 5, 2024**

A meeting of the California Avocado Commission (CAC) Board was held on Wednesday, June 5, 2024 with the following people present:

MEMBERS PRESENT

Victor Araiza
Will Carleton
Jason Cole
Maureen Cottingham
Rob Grether
Jessica Hunter
Robert Jackson
Rachael Laenen
Daryn Miller
Peter Shore

MEMBERS ABSENT

Quinn Cotter

ALTERNATES ABSENT

Maddie Cook

OFFICIALLY PRESENT

Vickie Carpenter, *USDA*
Ben Kardokus, *CDFA*
George Soares, *KSC*
Tim Spann, *Spann Ag*

GUESTS PRESENT

Dan Coxe
Danny Klittich
Jesse Landsman
Marji Morrow
Richard Moslewko
Joanne Robles-Swanson

ALTERNATES PRESENT

John Berns
Jamie Johnson
Ohannes Karaoghlanian
Hayden McIntyre

STAFF PRESENT

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

ITEM #1 CALL TO ORDER

Roll Call/Quorum – Item 1.a.

Jason Cole, CAC Chairman, called the meeting to order at 2:04 p.m. with a quorum present.

Introductions – Item 1.b.

April Aymami, CAC Director of Industry Affairs and Operations, announced the California Department of Food and Agriculture (CDFA) and US Department of Agriculture (USDA) representatives, CAC Legal Counsel, CAC staff and known guests participating in the meeting. She asked for all other guests to announce themselves and recorded all participants in attendance.

ITEM # 2 OPPORTUNITY FOR PUBLIC COMMENT

Robert Jackson, CAC Board Member, commented that he received remarks from two growers in his district to have Board meetings in the south so that they can attend in-person. He also commented on the status of the proposed change to the Code of Conduct adopted November 16, 2023. This will be added to the next Board meeting agenda in August to be discussed.

Joanne Robles-Swanson from Avocado Growers of California (AGC) commented on understanding how it appears that Mexico is paid more for their fruit than California. She provided a written statement of her full remarks to be included in the meeting minutes.

Public Comment Written Statements – Joanne Robles-Swanson is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 2.

ITEM #3 INDUSTRY STRATEGIC INTENT 2025

What is the purpose of CAC – Item 3.a.

Mr. Cole commented that the Industry Strategic Intent 2025 document is a working document that was adopted several years ago. Mr. Cole said while getting ready for strategic planning, he thought it would be a good opportunity for the Board to read this document and share opinions. He said this document is not going to be rewritten at today's meeting, it was intended only to get the Board started in strategic planning.

The Board discussed the Industry Strategic Intent 2025 document and thoughts on the listed objectives and strategies.

The Industry Strategic Intent 2025 is included in the June 5, 2024 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT B, Item 3.a.

ITEM #4 GOVERNANCE COMMITTEE REPORT

Rachael Laenen, CAC Vice Chairman, and Governance Committee chair, commented that the June Board packet includes the full CAC law with the language updates that the Governance Committee is proposing.

CAC assessment rate structure – Item 4.a.

Ms. Laenen commented on item 67101 under Article 6. Assessments and Records and identified this section in the Board packet as item 4.d-12. She commented that when CAC is setting the budget, there are two variables that we are trying to estimate: crop size and average price per pound. She said in the last two years, we have missed significantly. The recommendation from the Governance Committee is to add the clarifying language of “as a fixed rate or a percentage of value” with the idea that we would eventually move to a fixed rate assessment. A fixed rate assessment would eliminate one of the variables so that CAC will no longer have to predict the price per pound for the following year and give growers some certainty on the assessment rate.

The Board discussed the clarifying language and thoughts on the fixed rate assessment versus percentage of value. Mr. Cole explained that the Board is not making any decisions on the assessment rate today, but that the purpose is to cleanup and clarify the language of the law.

MOTION:

***The CAC Board of Directors moves to approve a change to the CAC law language in section 67101 as a fixed rate or a percentage of gross dollar value.
(Jackson/Hunter) MSC Unanimous***

MOTION 24-6-5-1

Definition of producer – Item 4.b.

Ms. Laenen commented on item 67039 under Article 2. Definitions and identified this section in the Board packet as item 4.d-4. She mentioned there was a lively discussion on this item at the Governance Committee on this item as there are many factors that go into the definition. Ms. Laenen said there was discussion on if we can further limit the definition of a producer to exclude anyone that has financial interest in a packer? She said there is clear indication from CDFA that excluding assessment paying growers from eligibility to run for a Board seat would be problematic. The Governance Committee was proposing adding this language to this section “or a greater amount as may be established by a two-thirds vote of the commission”. This was added with the idea that this would give the Board the option to raise the threshold if needed. Ms. Laenen mentioned that the Board is not setting a threshold today but giving the Board flexibility for the future.

Ben Kardokus, CDFA commented that he has reviewed this language and discussed with his superiors at CDFA. Mr. Kardokus clarified that CDFA is ok with the Board having the authority to raise the threshold, however, they do not believe the Board should have the power to subsequently lower the threshold. The reasoning is once the average is raised and then the Board wants to lower it later, CAC will be then assessing producers that were not assessed the prior year.

John Berns, CAC Board Alternate commented that language should be added to this item pertaining to members having the right to vote and run for a Board seat.

Rob Grether, CAC Board Member commented that the Board should be cognizant of the risk in bringing forward a change to the law. Mr. Grether commented that he is in favor of language stating Board discretion as opposed to a change in the law.

Robert Jackson, CAC Board Member commented that the definition of a producer is tied to the Board composition. Mr. Jackson commented that seventy-three percent of California avocado growers produce less than fifty thousand pounds per year so if the Board adopted this definition of a producer, we will be disenfranchising seventy-three percent of California avocado growers.

Ms. Laenen commented that the number one thing that the Governance Committee agreed upon is that they do not want to send anything to Sacramento that is going to be contentious and is not unanimous.

The Board continued to discuss the definition of a producer. Mr. Cole clarified that the Board is not planning on raising the threshold at this time. He stated that there is really nothing that prohibits anyone to run for the Board. The growers in their districts vote for their representatives, perceived conflict or not, the districts vote for the person they want to represent them and are reviewed by the CDFA, not CAC.

Board composition – Item 4.c.

Ms. Laenen commented that the discussion on this item 67051 under Article 3. The California Avocado Commission and identified this section in the Board packet as item 4.d-5. was based around the handler seats on the Board and the concern about handler influence. The proposed change to the language was “eliminated the two avocado handlers on a statewide basis” and add “The Commission may appoint one or more handlers as ex officio members.” Ms. Laenen commented that there the consensus on the value that the handlers bring to the Board is good and necessary.

The Board continued to discuss the Board composition regarding the pros and cons of handler seats on the Board, thoughts on the proposed language, and attracting handlers to the Board seats.

MOTION:

The CAC Board of Directors moves to accept the language changes to the CAC law excluding 67039, 67051, and 67054 as presented.

(Jackson/Araiza) MSC Unanimous

MOTION 24-6-5-2

The California Avocado Commission Law Draft 5/7/24 is included in the June 5, 2024 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT C, Item 4.a.-4.c.

ITEM #5 MARKETING COMMITTEE STRUCTURE

Mr. Cole said the Marketing Committee was paused to review how to ensure there is value for the Committee and its members. The CAC Bylaws pertaining to the Marketing Committee were placed on the screen for the Board to reference and are as follows:

“3. Marketing Committee. The Marketing Committee shall advise Commission personnel, Commission committees and others on avocado packing, handling, distribution and marketing issues impacting on the Commission. These issues may include input regarding wholesalers, distributors, retailers, exporters, and foodservice operators. Additionally, the committee shall provide input on trade advertising and publicity programs, foodservice programs and foreign export. The committee shall also provide input to the Commission personnel concerning the annual crop estimate. The Marketing Committee shall consist of a minimum of four (4) members, each of which represent a separate AMRIC Handler. In the event that the Marketing Committee does not include any seated members of the Commission, the committee shall select one member of the committee who shall serve as a nonvoting ex-officio member of the Commission.”

Terry Splane, CAC VP of Marketing said the marketing team sent out a survey to assess the value of the Marketing Committee and the number one value was forecasting. Mr. Splane commented that he doesn't believe that a committee is needed to discuss forecasting. He also commented that he does not think CAC need handlers telling the marketing team how they should be marketing because handlers don't market fruit to consumers.

Peter Shore, CAC Handler Member commented that handlers need to be in step with CAC marketing and knowing exactly when to push the promotions with the retailers, especially due to the short California season window.

Mr. Splane agreed with Mr. Shore's comments and informed the Board that he had valuable conversations with handlers in March and he plans on having further conversations with handlers in July.

Victor Araiza, CAC Board Member commented that the Marketing Committee should be inviting not only handlers but Board members to allow open dialog for more communication.

The Board continued to discuss the Marketing Committee value. Mr. Cole commented that this item is open ended, and the Board does not need to make any decisions or change the Bylaws. Mr. Cole wanted to present this to the Board and explain why the Marketing Committee is paused. He wanted to make it clear that the Marketing Committee is a place to share ideas, not to direct Mr. Splane and his marketing team.

April Aymami, CAC Industry Affairs and Operations Director commented that the Marketing Committee is a committee of the Board. There are no committees, except for the Executive Committee, that directs CAC staff. The Marketing Committee is structured to create the value for the Board.

ITEM #6 MARKETING

Where are we today? – Item 6.a.

Mr. Splane commented that the marketing team has created the 2024 Consumer Campaign highlighting actionable assets for the media channels. This showcases what the campaign looks like and what the marketing team is working on.

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Zac Benedict, CAC Marketing Director presented that they have repositioned the campaign this season and focused on what makes California avocados so special: growers, connection to California, local and fresh, and sustainability.

Lori Small, CAC Marketing Manager presented the PR plan focusing on the hyper local market approach and integrating with our retail partners.

The marketing team fielded questions from the Board on the retailer response to the bins and requests for demo days with growers in store.

Will Carleton, CAC Board Member commented that CAC marketing should call out the health benefits of avocados as a key point among locally grown and sustainability as part of the campaign. Mr. Cole replied to Mr. Carleton that all avocados are healthy, not just California avocados, and the Hass Avocado Board is already spending the funds to market this topic. Mr. Cole commented that CAC would then be spending growers' dollars on health instead of dollars designed to market the differentiation of California fruit.

Targeted Retailer Penetration – Item 6.b.

Mr. Splane commented that we are strategically targeting retailers that fit well with our brand. He said in thinking about retailers and how to target them, we are looking at pricing index, chain size/region, loyalty, handler alignment, collaborative, and RMD intel. The Board continued to discuss the retail margins, pricing, and volume moved through the retail locations.

Looking into next year – Item 6.c.

Mr. Splane reported he has heard from growers concerns on the in-store displays and some inconsistencies with fruit from other countries in California bins. Mr. Splane reported the marketing team is setting up 'Mystery Shopper' audits in-stores to gain fact-based insights on our promotions. CAC is partnering with a company called Field Agent to provide the mystery shopper audits.

Mr. Splane commented on the key strategic issues and the marketing team is in the middle of their planning process leading into next year looking at our strengths and weaknesses. He said we are working on sustainability and what that means for consumer awareness.

The Board continued to discuss strategic issues, packaging strategies, and how to be more consistent on messaging.

The 2024 Consumer Campaign is attached to the permanent copy of these Minutes and identified as EXHIBIT D.

ADJOURN MEETING

Mr. Cole adjourned the meeting at 5:29 p.m. The next regularly scheduled Board meeting will be held on August 15, 2024.

Respectfully submitted,

Stacia Kierulff, CAC Human Resources Manager

I certify that the above is a true statement of the Minutes of June 5, 2024 approved by the CAC Board of Directors on August 15, 2024.

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Daryn Miller, CAC Board Secretary

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

- EXHIBIT A Opportunity for Public Comment Statements
- EXHIBIT B June 5, 2024 Board Packet
- EXHIBIT C California Avocado Commission Law Draft
- EXHIBIT D 2024 Consumer Campaign
- EXHIBIT E June 5, 2024 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 – Pasadena</i>	Meeting Date: <i>June 5, 2024</i>
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<i>Attendees Who Voted</i>	<u>MOTION 24-6-5-1</u>	<u>MOTION 24-6-5-2</u>
Jessica Hunter	Yea	Yea
Robert Jackson	Yea	Yea
Victor Araiza	Yea	Yea
Ohannes Karaoghlanian	Yea	Yea
Jason Cole	Did Not Vote	Did Not Vote
Rob Grether	Yea	Yea
Maureen Cottingham	Yea	Yea
Rachael Laenen	Yea	Yea
Daryn Miller	Yea	Yea
Will Carleton	Yea	Yea
Peter Shore	Yea	Yea
Outcome	Unanimous	Unanimous