

**CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
June 6, 2024**

A meeting of the California Avocado Commission (CAC) Board was held on Thursday, June 6, 2024 with the following people present:

MEMBERS PRESENT

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

ALTERNATES PRESENT

John Berns
Jamie Johnson
Hayden McIntyre

MEMBERS ABSENT

Quinn Cotter

ALTERNATES ABSENT

Maddie Cook

OFFICIALLY PRESENT

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

STAFF PRESENT

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

GUESTS PRESENT

Dan Coxe
John Haskett
Danny Klittich
Marji Morrow
Richard Moslewko
Joanne Robles-Swanson

ITEM #1 CALL TO ORDER

Roll Call/Quorum – Item 1.a.

Jason Cole, CAC chairman, called the meeting to order at 8:00 a.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.

ITEM # 2 OPPORTUNITY FOR PUBLIC COMMENT

Mr. Cole said he received an email the night prior from Duane Urquhart addressed to Mr. Cole and the CAC Board that he read to the Board.

Public Comment Written Statements – Duane Urquhart is attached to the permanent copy of these Minutes and identified as EXHIBIT A.2.

ITEM #3 CONSENT CALENDAR

Mr. Cole 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 through 3.d as presented.

(Jackson/Karaoghlanian) MSC Unanimous

MOTION 24-6-6-1

The Consent Calendar is included in the June Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT B, Items 3.a through 3.d.

ITEM #4 CONSIDER APPOINTMENT OF PRODUCER MEMBER TO FILL EXISTING VACANCY FOR TERM ENDING OCTOBER 31, 2024

Mr. Cole reported there are five candidates who submitted nomination documents for the District 2 producer member vacancy and asked how the Board would like to proceed with the voting process.

Rob Grether, CAC Board Member suggested the Board verify an election structure for this appointment as the Board will be making a motion on this item. Mr. Grether commented that in the past, we have used a paper vote with each Board member writing down the candidate of their choice. If a candidate receives the majority of the votes, they are elected but if there is not a majority vote for a candidate, the candidate with the lowest number of votes would be eliminated from that round of voting and the vote is repeated.

Ben Kardokus, CDFA representative agreed with Mr. Grether's voting suggestion.

MOTION:

For the vacant Producer member seat in district 2, the board shall appoint the candidate supported by a majority of the board in an election using the exhaustive ballot method, wherein if in a round of voting no candidate receives the majority of the votes, the candidate who has received the fewest number of votes shall be eliminated and the process shall be repeated.

(Laenen/Miller) MSC Unanimous

MOTION 24-6-6-2

District 2 Producer Member – Item 4.a.

Mr. Cole then ran through the list of candidates listed on the agenda for the District 2 producer seat and allowed attending candidates to introduce themselves. For the candidates that were not attending in-person, Mr. Cole reminded the Board that the candidate statement of were listed in the Board packet, Item 4.a.

The election of District 2 candidates resulted in Mr. Karaoghlanian being declared the winner with six votes; Mr. Haskett received three votes and Mr. Moslewko received one vote.

MOTION 23-6-6-3

The District 2 Candidate Statements and Disclosure Forms are included in the June 2024 Board Packet and are attached to the permanent copy of these Minutes and identified as EXHIBIT B, Item 4.a.

ITEM #5 CONSIDER APPOINTMENT OF HANDLER MEMBER AND HANDLER ALTERNATE TO FILL EXISTING VACANCIES FOR TERMS ENDING OCTOBER 31, 2024 AND OCTOBER 31, 2025

Handler Member – Item 5.a.

Mr. Cole asked if there are any handler members that are interested in serving. Ken Melban, CAC vice president of industry affairs and operations, replied to Mr. Cole's question stating John Dmytriw with Index Fresh has submitted his application for the handler member seat.

Mr. Cole then asked if there were any other nominations from the Board for the handler member seat and there were no other nominations.

Handler Alternate Member – Item 5.b.

Mr. Cole asked Mr. Melban if there were any applications received by CAC for interest in the handler alternate member seat. Mr. Melban replied that CAC has not received any applications for this seat.

Mr. Cole then asked if there were any nominations from the Board for the handler alternate member seat and there were no nominations.

MOTION:

The CAC Board of Directors moves to appoint John Dmytriw as handler member with term ending October 31, 2024.

(Jackson/ Karaoghlanian) MSC 9 Yea/1 Abstain

MOTION 24-6-6-4

ITEM #6 TREASURER'S REPORT

Report on May 15, 2024 Finance Committee meeting – Item 6.a.

Maureen Cottingham, CAC Board treasurer, reported the Finance Committee met on May 15th and discussed the 2023-2024 financial updates, cash disbursement audit, corporate insurance policies, approval of the budget amendment #1 that is listed in the Board packet and the revision of the internal control policies. Ms. Cottingham stated that in reviewing these items, there were no issues or concerns.

2023-24 Crop update and financial implications – Item 6.b.

Mr. Cole said with more fruit than expected CAC will receive more revenue than budgeted. He noted that management was prepared to present their plan for utilizing additional revenue as part of a volume absorption plan, which would be discussed as part of budget amendment #1, in addition to a request from the Production Research Committee for a new online irrigation tool.

Consider approval of Budget Amendment #1 – Item 6.c.

Mr. Cole said budget amendment #1 is located in the Board packet Item 6.c for Board members to review.

Terry Splane, CAC vice president of Marketing discussed the marketing volume absorption plan, requesting an additional \$800,000 be allocated by the Board to drive more demand with the increased volume. He presented the investment strategies, investment impact, and incremental investment. Mr. Splane also discussed the targeted retailers and projected investment levels.

Mr. Splane stated the next step is for the Retail Marketing Directors to be engaged with the handlers, working hand-in-hand with the accounts to make sure there are supply chain resources.

Mr. Cole commented that we have changed CAC as an organization, shrunk the budget, and right sized the marketing strategy so he believes the next step is to work on figuring out the assessment rate to match the dollars CAC is spending instead of the guessing game we have been playing for many years.

Ms. Aymami commented that the budget cuts were a good exercise for the organization and allowed CAC to take a look at what is valuable for the marketing program. The market is doing well right now so, as CAC management, we want to be prepared to support and continue to maintain the market conditions.

Mr. Cole shifted to the Production Research Committee since the Board was discussing the budget amendment and asked Danny Klittich, PRC chairman, and Dr. Tim Spann, CAC research program consultant, to speak on the PRC budget item.

Dr. Spann discussed adapting a user-friendly online irrigation calculator for avocados. Dr. Spann placed the online irrigation calculator slide on the screen and said there are significant improvements in water use efficiency that can be achieved with increased adoption of data-driven irrigation decision frameworks, therefore the online irrigation calculator was developed.

Mr. Klittich summarized the online irrigation calculator commenting that the takeaway is simplistic. It may not be completely accurate, but it will be easy to use and close enough for most growers. The next step is to receive feedback from growers using the calculator to improve it. The downside is that it is only functional within Ventura County for the moment but there are plans to roll it out for more counties as more support is gained.

The Marketing Volume Absorption Plan slides are attached to the permanent copy of these Minutes and identified as EXHIBIT C.

The Online Irrigation Calculator slide is attached to the permanent copy of these Minutes and identified as EXHIBIT D.

The Budget Amendment #1 is included in the June 2024 Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT B, Items 6.c.

MOTION:

The CAC Board of Directors approves budget amendment #1 as presented, plus \$867,000 for the marketing volume absorption plan and \$7,236 for the irrigation calculator.

(Jackson/Cottingham) MSC Unanimous

MOTION 24-6-6-5

ITEM #8 INDUSTRY AFFAIRS/OPERATIONS

Mr. Melban provided an update reported on activities for industry affairs and operations.

Mr. Cole spoke on list item #15 Florida Tomato Committee regarding the suspension agreement. The call to the Committee was to learn more specifics on the agreement. There were dumping claims against Mexico and a suspension agreement was put in place in 1996. This was supposed to set the price floor and some avocado growers thought this could be something that avocados could pursue. Mr. Cole reported that in speaking with the Committee, CAC learned the agreement was no longer supported by the Committee and in fact was not working as they had intended. Indicating it would not be viable pathway for California avocados.

Mr. Melban reported on item #17 grower survey, indicating a total of 45 surveys were received. representing less than 2 percent of the 2800 growers. John Berns, CAC Board Alternate asked for the survey results, and Mr. Melban said the information is not statically significant but would be provided upon request.

Mr. Melban commented on list items #19 and #23 USDA/USTR fruit & vegetable ATAC meetings. This is Mr. Melban's third appointment with the committee and the committee is made up of representatives across the United States of fruit and vegetable commodity groups. Along with the Secretary of Ag and the Trade Ambassador, the committee collectively voices the pressures that our producers are facing. The question was asked what ATAC is and its purpose. Mr. Melban stated ATAC is the Agricultural Technical Advisory Committee for fruits and vegetables. This committee is an advisory committee to the Secretary of Ag and the Trade Ambassador with the purpose of discussing trade agreements.

Mr. Melban commented on list item #18 USDA and APHIS executive director call regarding Guatemala PRA and less restrictive work plans vs. Mexico. The Mexico workplan has more

onerous requirements than typical work plans and includes USDA employed Mexican nationals responsible to conduct the inspections. The question was raised on why the other work plans aren't modeled after the same level of involvement and oversight. Mr. Melban said there was already a recommendation by the Mexican Embassy to revise the Mexico work plan and remove the requirement for the USDA employed inspectors for safety risks.

Mr. Melban said on list item #20 additional GEM PLU's that CAC is involved in at the behest of our growers. There is one GEM PLU now that was created four years ago and there has been interest from packers/growers to have two more PLU's added that would mirror the Hass PLU. No status on this item currently.

Mr. Melban commented on list item #26 regarding the fruit flies that CAC was able to successfully get Hass removed as a host from the quarantine list late last year. CAC then started working on removing GEM as a host as well, but this will take time.

The Board continued to discuss the fruit fly situation for GEM's and Mr. Cole commented that he believes that GEM will eventually be removed from the quarantine list.

The CAC Operations/Industry Affairs Update is attached to the permanent copy of these Minutes and identified as EXHIBIT E.

ITEM #9 PRODUCTION RESEARCH

Dr. Spann said Westfalia had done an internal study on GEM and they shared the data on the oriental fruit fly on GEM with CAC. This data was shared with the USDA but because it was not a peer reviewed and published in a journal, they did not accept it. Dr. Spann commented that the USDA has a facility in Hilo, HI where the oriental fruit fly is widespread throughout the island. Peter Follett, USDA at this HI facility is working on this data, and he believes avocados on the tree are not a host for the fruit fly. However, further research is needed by USDA with specific data for each avocado variety.

Dr. Spann reported the PRC has met twice this year and is in the process of redesigning priorities and goals. PRC has put together a list of topics of pests, disease, virus, etc. that the PRC can then request for proposals for research projects on the top priorities.

Mr. Klittich said that PRC has put together a list of topics to drive more engagement with the research community that we find relevant to the industry and not just things that are of personal interest to the researcher. The goal is to move the industry forward with new relevant research.

ITEM #7 Board Strategic Review

Board discussion of June 5, 2024 Session-Key Learnings, Changes, New Ideas – Item 7.a.

Mr. Cole said in the Board discussions the prior day, action was already taken but he asked the Board if there was anything further to discuss.

Rachael Laenen, CAC vice chair, suggested for the Marketing Committee a subset of Board members and other industry people as part of the committee for a chance to work closer with Mr. Splane. Ms. Laenen said this would allow for more detail on the marketing programs with the purpose of bringing this information back into the Board room for a deeper understanding of the programs for all.

Jessica Hunter, CAC Board Member said it's valuable for the retail marketing directors for the retail side and Kim Kurata for the food service side to become as intimately involved with buyers as possible. Mr. Splane replied that his team is engaging with the retail and foodservices industries, and he thinks it is working. Ms. Hunter gave positive feedback from CAC food service

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contacting Del Rey to work together once the avocado season had started and the CAC team responded quickly to get the program bumped up several weeks to capitalize on the fruit being ready at that time.

Mr. Splane said the main question for marketing is how we directly add value and elevate pricing for growers in a positive way. He also commented that every year, the team looks at how the work enables next year's planning and investment levels to provide a greater impact.

Victor Araiza, CAC Board Member commented that the marketing team being transparent makes it easier for the Board to understand why marketing is asking for more funds and why marketing is invested in certain programs.

The Board continued to discuss the Marketing Committee structure and thoughts on the value the committee brings to the Board. There were positive comments by the Board regarding the marketing 2024 Consumer Campaign.

Will Carleton, CAC Board Member said he understands the Board is not responsible for micromanaging the CAC staff, however, the Board is responsible for guidelines for CAC staff. Mr. Carleton proposed a guideline for CAC staff to create a monthly schedule in which twenty percent of the working time of all staff will physically be in the CAC office. For example, all staff work physically at the CAC office once a week. He commented that the advantage of this would be synergy, being able to talk through ideas in-person. Mr. Carlton commented that he would like the Board to make a motion on this item.

Mr. Cole said the Board cannot take action for a motion on this item because it is not on the meeting agenda.

Mr. Grether reminded the Board that they are responsible for managing the CAC management and if we have a strong feeling about how productive CAC staff is working remote or working in the office, coming together to be more creative, the right path under our current structure is for this recommendation to be taken up by the Executive Committee and collaborate with the CAC Co-Leadership to make a final recommendation and bring to the Board.

Ohannes Karaoghlanian, CAC Board Member commented that if the CAC office is not being utilized, when the time comes for the office lease renewal, there should be consideration on downsizing the office.

Mr. Melban said he appreciates the perspectives raised by Mr. Carleton, Mr. Grether and Mr. Karaoghlanian. He said staff will meet to discuss and he will report back to Chair Cole

Mr. Grether asked to bring the topic back to marketing. He said the Marketing Committee is valuable for this Board, adding the value would be to meet more frequently, dig deeper and ask more detailed questions that do not take up all the Board's time. Mr. Grether suggested starting with a small committee structure. Mr. Splane agreed with Mr. Grether and likes the crawl, walk, run methodology to see how it evolves.

Mr. Cole wanted to summarize the Marketing Committee thoughts and asked if the Board would like to keep the Marketing Committee paused or call a meeting. Mr. Splane said his thought is to first figure out committee criteria, then he would be comfortable unpausing the committee.

Mr. Melban suggested the Chairman send out an email to the current Marketing Committee members asking if they would still like to remain as a member of the committee along with members of the Board that are interested in being a part of the committee.

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Mr. Grether commented that sometime between now and August, his recommendation would be to convene the Marketing Committee to talk about current process and do some current year to crop and marketing execution business but carve out time to receive feedback on how we should move forward with this committee.

Ben Kardokus, CDFA commented on other commodity committees such as the Walnut and Rice Commissions. He said these commodities have high level committees. Mr. Kardokus noticed that there seems to be two different committee models, Committee driven and Board driven.

Vickie Carpenter, USDA commented that she is aware of other Boards that have their committees similar to CAC where the committees discuss the inner workings and report during the Board meetings on what was discussed. If there are any committee actions, they go to the full Board to make the decision.

Mr. Cole asked if there were any further questions or comments and there were none.

ADJOURN MEETING

Mr. Cole adjourned the meeting at 11:08 a.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 6, 2024 approved by the CAC Board of Directors on August 15, 2024.

Daryn Miller, CAC Board Secretary

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

EXHIBIT A Opportunity for Public Comment Statements
EXHIBIT B June 6, 2024 Board Packet
EXHIBIT C Marketing Volume Absorption Plan
EXHIBIT D Online Irrigation Calculator
EXHIBIT E CAC Operations/Industry Affairs Update
EXHIBIT F June 6, 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 6, 2024</i>
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<i>Attendees Who Voted</i>	<u>MOTION 24-6-6-1</u>	<u>MOTION 24-6-6-2</u>	<u>MOTION 24-6-6-3</u>	<u>MOTION 24-6-6-4</u>	<u>MOTION 24-6-6-5</u>
Jessica Hunter	Yea	Yea	Abstain	Yea	Yea
Robert Jackson	Yea	Yea	Karaoghlanian	Yea	Yea
Victor Araiza	Yea	Yea	Haskett	Yea	Yea
Ohannes Karaoghlanian	Yea	Yea	Karaoghlanian	Yea	Yea
Jason Cole	Did Not Vote	Did Not Vote	Karaoghlanian	Did Not Vote	Did Not Vote
Rob Grether	Yea	Yea	Karaoghlanian	Abstain	Yea
Maureen Cottingham	Yea	Yea	Haskett	Yea	Yea
Rachael Laenen	Yea	Yea	Karaoghlanian	Yea	Yea
Daryn Miller	Yea	Yea	Moslewko	Yea	Yea
Will Carleton	Yea	Yea	Haskett	Yea	Yea
Peter Shore	Yea	Yea	Karaoghlanian	Yea	Yea
Outcome	Unanimous	Unanimous	6 Karaoghlanian, 3 Haskett, 1 Moslewko	9 Yea 1 Abstain	Unanimous