

**CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
September 17, 2009**

A meeting of the California Avocado Commission (CAC) Board was held on Thursday, September 17, 2009 in the Commission boardroom in Irvine, California, with the following people present:

MEMBERS PRESENT

Rick Shade, Chairman
Ken Roth, Treasurer
Scott Bauwens
Will Carleton
Gene Carbone
Laura Eggering
Ben Holtz
Ohannes Karaoghlanian
John Lamb (Alt. Pecht)
Tom Markle
Bradley Miles
Don Reeder
Jerome Stehly (Alt. Steed)
Bob Witt (Alt. Lucy)

MEMBERS ABSENT

Carol Steed, Vice-Chair
Bob Lucy
Tom Pecht, Secretary

CAC STAFF PRESENT

April Aymami
Tom Bellamore
Zachary Benedict
Dave Cruz
Jan DeLyser
Angela Fraser
Laurie Hill
Dave Howald
Aria Lukman

ALTERNATES PRESENT

Ernie Arana
Ron Araiza
Ed McFadden
Reed Webb

ALTERNATES ABSENT

Andy Bailard
George McManigle
Alva Snider
Noel Stehly

OFFICIALLY PRESENT

Dennis Manderfield, CDFCA
Maureen Pello, USDA

GUESTS PRESENT

Jennifer Baker-Assidao
Reid Carr
Jackie Cruz
Lauren Dougherty
Austin Gavin
Erik Glassen
Reuben Hofshi
Jim McCormac
Peggy McCormick
Marji Morrow
Steven Muro
Darrell Nelson
Jose Luis Obregon
Doug O'Hara
Gwen Peterson
Andria Pontello
Larry Rose
Lisa Schiavello
Yvonne Seebach
Bill Steed
Charles Viedenuofy
Mark Weinfeld
Erica Werrier
Katie Wild
Charley Wolk
Gary Woodworth

CALL TO ORDER

Chairman Rick Shade called the meeting to order at 9:15 a.m. with a quorum present.

Ms. DeLyser announced that over the past four months, a search had been conducted for a new online marketing agency and Red Door Interactive had been selected from among 11 interested companies. Representatives from Red Door

present at the meeting included: Reid Carr, President & CEO, Lauren Dougherty, Business Supervisor, Lisa Schiavello, Executive Creative Director, Charles Wiedenhoft, Director of Business Planning & Optimization, and Erika Werner, Director of Business Development & Strategic Partnerships.

ITEM # 1. CONSENT CALENDAR

The Chairman asked if there were any changes to the Minutes as offered on the Consent Calendar. None being made, the following motion was presented:

MOTION: ***The CAC Board of Directors approves the Consent Calendar, as presented:***

***1-A) Approval of August 20, 2009 Board Meeting Minutes
(Markle/Miles) MSC, 1 abstained (Eggering)***

ITEM #2. PRESIDENT'S REPORT

Election Update

President Tom Bellamore gave an update on the 2009 CAC general election. A list of those producers and handlers whose names will be on the October ballot was included in the Board packet. Two currently seated alternates, Charley Wolk and Gary Woodworth, resigned their seats to run as members in their respective districts, leaving 2 vacant seats. Vacancy notices were sent to District 2 and District 3 producers on September 4th and candidates to fill the remaining portions of Wolk and Woodworth's terms will be presented at the October meeting.

Nomination of Public Member

Mr. Bellamore noted five candidates for the vacant Public Member seat on the Board were presented to the Board in August, but no action was taken. Since then, one additional candidate had expressed interest in serving—Ms. Andria Pontello. Ms. Pontello's resume and credentials were included in the Board packet. It was understood that Ms. Pontello was enroute to the meeting and further discussion on the Public member vacancy was postponed until her arrival.

Mr. Bellamore spoke briefly about the 2009-10 crop estimate, based on information recently received from the handlers. Crop size appears to be in the 450-500 million pound range. Earlier in the year, the crop team suggested consideration of an acreage survey in San Diego County, to illuminate acres lost because of the water situation. Staff approached GeoSpatial Partners for a proposal to delineate stumped and abandoned avocado acres in San Diego County through the analysis of satellite imagery. The proposed cost is \$23,750. Board discussion ensued. Several Board members expressed an interest in having Riverside County included in the analysis. The following motion was made:

MOTION: ***The CAC Board of Directors approves having GeoSpatial Partners conduct an acreage analysis for San Diego County,***

***the cost of which shall be paid from the current budget.
(Roth/Markle) MSC 2 opposed (Holtz, Karaoghlanian)***

Mr. Bellamore next reported that a discrepancy in the reporting of assessments by one handler had been discovered about a week ago and was under investigation. The CEO of the company involved was notified immediately and an independent auditor was dispatched to fully review the handler's records. A full report will be provided once the extent of the discrepancy is fully known.

Chairman Shade introduced Ms. Pontello, who addressed the Board regarding her interest in serving as Public Member. She provided background information and stated that she is a registered Dietitian with a specialty in Nutrition / Bionutrition, and works as a Research Manager at the University of California, Irvine. Discussion ensued and the following motion was made:

MOTION: *The CAC Board of Directors approves of submitting Andria Potello's name to the Secretary of Agriculture for appointment as the Public Member. (Eggering/Holtz) MSC*

ITEM #3. MARKETING REPORT

Consumer Trends Presentation

Jan DeLyser introduced Mark Weinfeld, DGWB, who gave an overview on consumer trends and the implications for CAC's demand-building activities. A copy of the presentation is appended to these minutes.

ITEM #4. COMMITTEE REPORTS

Finance Committee Report

CAC Treasurer Ken Roth reported that the Finance Committee discussed 2009-10, crop size and price, a tentative assessment rate, beginning and ending reserves, and budget. It was noted that considerable attention was devoted to cash flow, since most of CAC's revenue is collected over a 4 to 6 month period while the expenses are incurred every month. After discussion, the following motion was made:

**MOTION: *The CAC Board of Directors approves a preliminary assessment rate of 1.95%, volume of 450 million pounds, a projected price-per-pound of \$0.70 with ending reserves of \$3 million.
(Roth/Lamb) MSC***

There was additional discussion about possible weather-related impacts on crop size and whether the price-per-pound projection was appropriate. Some commissioners believed that the assessment should be set at a slightly higher rate to ensure that sufficient funds were available for marketing a larger crop. After considerable deliberation, a roll call vote was taken and the motion carried with 8 in favor and 5 against.

Mr. Roth reported that the Finance Committee also discussed increasing CAC's line of credit to address negative cash flow. CAC's Finance and Accounting Manager engaged in discussions with three lenders: Wells Fargo Bank, Montecito Bank and Trust, and American Ag Credit and details were provided. The Committee recommended going with Wells Fargo.

The Board reviewed the letter of commitment as provided in the packet, and the following motion was made:

MOTION: *The CAC Board of Directors approves securing a \$3 million line of credit with Wells FargoBank. (Roth/Carleton) MSC*

It was suggested that efforts should be made to see if a lower interest rate could be negotiated.

Next, Mr. Roth reported that the Finance Committee had conducted a review of the Commission's insurance coverage, making several recommendations. Specifically, the Committee recommended that: 1) travel and accident coverage remain at the current level; 2) no adjustment be made to the general liability insurance; 3) kidnap and ransom insurance be obtained on an as-needed and per trip basis; and 4) that no medical coverage be provided for commissioners through State Fund Workers Compensation.

MOTION: *The CAC Board of Directors accepts the Finance Committee's recommendation regarding the Commission's insurance coverage. (Roth/Karaoghlanian) MSC*

Mr. Roth informed the Board that the Finance Committee spent time discussing who will do the auditing for 2009-10 and future audits. A Request for Proposals was issued for auditing services, and five responses were received. The Committee's consensus was to stay with Macias, Gini and O'Connell and consider a review next year. Mr. Roth said that the matter will be placed on the November Board agenda.

Site Selection Committee Report

Chairman Shade said that the Committee has been pursuing several ideas regarding the current lease situation. These include subleasing the CAC space to another tenant or dividing and sharing the office space. CAC would then be free to lease another building or consider a purchase option. The current space has been listed and there has been some interest by potential sublease tenants. It was also mentioned that discussions with Cal Poly continue regarding the Pine Tree Ranch property as a possible research site.

CAC also inquired about CDFA's position on real property ownership by a commodity board. It was noted that the issue only surfaced once in the past and that no legal opinion on the matter was offered at the time.

Ms. DeLyser announced Susan Feniger from the Border Grill would be present at lunch to interact with Board members and talk about avocados.

ADJOURN FOR LUNCH

The Board adjourned for lunch at 12:15 p.m. and reconvened at 1:00 p.m.

Ms. Feniger addressed the Board and also noted that *Two Hot Tamales* will be serving avocado dishes to 900 guests at the upcoming Emmy Award Show.

Marketing Advisory Committee Report

Ms. DeLyser gave an update on the Marketing Advisory Committee meeting and discussed the crop forecast. She noted that the handlers have been very helpful in validating the crop projection for the 2009-10 season.

It was reported that Hass avocado standards were discussed in response to the letter sent by Neil Witt. The Committee took no action on this matter.

Procedural Issue

Chairman Shade announced that action taken earlier in the meeting with respect to the GeoSpatial Partners proposal was procedurally incorrect because the item had not been properly noticed on the agenda. The corresponding vote will be deemed null and void and the matter will be brought back to the table in October for further discussion.

ITEM #5. 2009-10 PLANNING

Preliminary 2009-10 Plan & Budget

A preliminary plan and budget of \$12 million has been prepared for Board consideration and discussion with grower constituents at field meetings. The online section of the plan is not yet complete because CAC has just engaged a new online marketing agency. Discussion centered on several non-marketing issues, including research program management, technical services related to pesticide registrations and water, and advocacy activities.

ITEM #6. HASS AVOCADO BOARD REPORT

HAB Chairman Len Francis reported that he and HAB Marketing Director Jose Luis Obregon attended the New Zealand / Australia Avocado Congress, which was quite productive. He said that a common theme at the Avocado Congress was nutrition. HAB is designating funds for human nutrition research, with overall nutrition studies budgeted at \$1.1 million. He also mentioned that HAB would be advertising on national television during the National League Baseball playoffs.

ITEM #7. PUBLIC COMMENT

Chairman Shade reminded the Board that the Produce Marketing Association will be held on October 2 – 5 and encouraged all to attend since it will be at the Anaheim Convention Center.

He also noted that CAC will have a presence at the upcoming Morro Bay and Carpinteria Avocado Festivals. He announced that President Bellamore will be attending the Morro Bay Avocado Festival this weekend.

The California Avocado Society is having its Annual Meeting in Ventura on October 16th and 17th.

Mr. Roth gave a brief update on the special agricultural water rate in San Diego County.

The September 17, 2009 Board Packet is attached to the permanent copy of these Minutes and identified as Exhibit A.

The Consumer Trends & 2010 Outlook presentation is attached to the permanent copy of these Minutes and identified as Exhibit B.

The Letter to the Commissioners from Val Weaver is attached to the permanent copy of these Minutes and identified as Exhibit C.

ADJOURN MEETING

The Chairman adjourned the Board meeting at 2:10 p.m. The next Board meeting will be held on October 15, 2009.

Respectfully submitted,

Laurie Hill, CAC Staff

I certify that the above is a true statement of the Minutes of September 17, 2009 approved by the CAC Board of Directors on October 15, 2009.

Rick Shade, CAC Board Chairman