

**CALIFORNIA AVOCADO COMMISSION  
FINANCE COMMITTEE MINUTES  
August 20, 2009**

A meeting of the Finance Committee of the California Avocado Commission (CAC) was held on Thursday, August 20, 2009 at 8:00 a.m. at the California Avocado Commission (CAC) office in Irvine, California, with the following people present:

**MEMBERS PRESENT**

Ken Roth, Chairman  
Gene Carbone  
John Lamb  
Ohannes Karaoghlanian  
Ed McFadden  
Don Reeder  
Bill Steed  
Gary Woodworth

**GOVERNMENT PRESENT**

Dennis Manderfield, CDFA  
Maureen Pello, USDA

**STAFF PRESENT**

Tom Bellamore  
Laurie Hill  
Aria Lukman  
Val Weaver

**MEMBERS ABSENT**

**GUESTS PRESENT**

Chulan Gilbert, Almond Board

**CALL TO ORDER**

Finance Committee Chairman Ken Roth called the meeting to order at 8:00 a.m. with a quorum present.

**MINUTES**

The Committee approved the following minutes:

**MOTION:**     *The Finance Committee approves the June 18, 2009 Committee Minutes as presented. (McFadden/Karaoghlanian) MSC*

**ACTION ITEMS – REVIEW & APPROVAL**

**Consider Approval of Budget Amendment #4**

President Tom Bellamore reported that he sent a memo to the Board in July that provided details on cuts that management had proposed.

After discussion, the following motion was made:

**MOTION:**     *The Finance Committee recommends to the Board to approve Budget Amendment #4, with cuts totaling \$442,300, as presented. (Carbone/Lamb) MSC*

Consider Approval of Signing Authority Policy

Roth stated that due to Ms. Weaver's departure, Aria Lukman needed be added as an authorized check signer. There was concern that the signer of checks cannot approve disbursements for payment. It was noted that purchase orders exceeding \$7,500.00 are required to be signed by an executive officer and that expenses are still being posted online.

**MOTION:    *The Finance Committee recommends to the Board approval of the amended Authorization Policy as presented. (Carbone/McFadden) MSC***

**CHAIRMAN'S REPORT**

CAC-HAB Billing Rate(s)

Chairman Roth gave an overview of two billing rate options where CAC can bill HAB for time spent by CAC staff for accounting and administrative training time that comes outside the current contract with HAB. Discussion ensued.

**MOTION:    *The Finance Committee recommends to the Board approval of billing rates for HAB of \$130/hr. for CAC manager training time and \$95/hr. for CAC senior accountant training time. (Steed/McFadden) MSC***

2009-10 CPA RFP/Services

Bellmore reported that after the CDFA audit came out it was determined that some areas were not reflected accurately with CAC's audit. The concern that was raised resulted in seeking request for proposals (RFP) from audit firms for comparison. The RFP's were sent out to 18 firms, with 5 proposals returned. It was noted that this process was also done in 2007.

Ms. Steed felt that requesting proposals creates additional work for the reduced staff, and didn't see a reason at this time to continue with the RFP process.

The Committee's consensus was not to pursue this any further; however, the proposals that have come in will be reviewed.

Carbone mentioned that the current firm did a regular financial statement audit on an annual basis and were not hired to do a forensic audit. Therefore, their audits have been done in the appropriate manner.

2009-10 Assessment and Budget Scenarios

Roth suggested that his goal is to have the Committee recommend four numbers to the board: 1) Assessment Rate 2) Price per lb. 3) Volume and 4) Reserves, so staff can begin to develop a budget to bring to the Board in September.

Bellmore showed the Committee how the Board had previously estimated the crop each year showing the difference between the projected and actual figures. He indicated that estimating the next crop year in August and September has been a challenge.

Bellamore proposed the concept of starting with a base budget. He explained that add-on modules can be developed so that if the volume comes in higher, additional marketing programs can be added as the year progresses.

The cash flow / projection sample budget that was presented to the Committee and variances were explored. This concept was favorable to the Committee.

After further discussion, the following motion was made:

**MOTION:**     *The Finance Committee recommends to the Board proposal of the following numbers for discussion for the 2009-10 fiscal year:*  
                  *Assessment Rate of 1.95%*  
                  *Volume of 375 million lbs.*  
                  *Average price/lb. of \$.85*  
                  *Reserves of \$4,561,562*  
                  *(McFadden/Karaoghlianian) MSC*

2009-10 Pro forma Cash Flow

The pro forma cash flow was discussed in conjunction with the 2009-10 assessment and budget scenarios. It was noted that next year an increase in the line-of-credit from \$2 million to \$3 million should be pursued.

**PUBLIC COMMENT**

None.

*The Finance Committee handout is attached to the permanent copy of these Minutes and identified as Exhibit A.*

**NEXT MEETING**

The Chairman announced that the next meeting would be held Thursday, September 17, 2009.

**ADJOURN**

Chairman Roth adjourned the meeting at 9:10 a.m.

Respectfully submitted,

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Laurie Hill, CAC Staff