

**Mexican Hass Avocado Importers Association
Board Meeting Minutes
September 27, 2011**

Place

Hass Avocado Board
Irvine CA

Time: 9:30 am – 3:30 pm

Board of Directors:

DIRECTORS

Adrian Iturbide Mejia - Producer, Mich., Mexico	(p)	Chairman
Giovanni Cavaletto-Index Fresh, Bloomington, CA	(p)	Vice-Chairman
Alfredo Rodriguez Flores – Empacadora Agroexport, Tancitaro	(p)	Secretary
Ed Figueroa- LGS Speciality Sales, Bronx, NY	(p)	Treasurer
Francisco Falconi Pardo - Producer, Mich., Mexico	(p)	
Antonio Villaseñor Zurita- Vifrut, Uruapan, Mexico	(p)	
Mike Browne – Calavo Growers Inc., Santa Paula, CA	(p)	
Jimmy Lotufo – Rosemont Farms, Ringoes NJ	(a)	

ALTERNATE DIRECTORS

Martin Mendoza Torrez – Producer, Mich. Mexico	(p)	(alt. Adrian Iturbide)
Doug Meyer - West Pack Avocado, Temecula, CA	(p)	(alt. Giovanni Cavaletto)
Sergio Paz - Del Monte Grupo Comercial, Uruapan	(a)	(alt. Alfredo Rodriguez)
Javier Medina – Mevi Avocados, Pharr TX	(a)	(alt. Ed Figueroa)
Carlos Genel – Producer Mich., Mexico	(a)	(alt. Francisco Falconi)
Ricardo Vega – Fiticola Velo, Uruapan, Mexico	(a)	(alt. Antonio Villasenor)
Phil Henry – Henry Avocado, Escondido, CA	(p)	(alt. Mike Browne)
Javier Campo – Del Monte Produce Coral Gables, FL	(a)	(alt. Jimmy Lotufo)

AMS: _____

Veronica Douglas

Officially Present: _____

Ron Campbell

Dolora Sillman

Julie Schumacher

Luis Castellanos

Jackie Bohmer

David Botsford

Amanda Morgan

Members:

Ramiro Ortega

Rob Wedin

Victor Barragan

Guests:

Emiliano Escobedo

Jose Luis Obregon

Kari Bretschger

At 9:30 AM Adrian took the roll call and presented the minutes of the June 6th board meeting conference call that included the approved budget and an addendum with the electronic votes to amend the co-op guidelines and the July Times Square promotion. Mike motioned to approve the minutes and the motion was seconded by Ed. There was no objection.

Upon conclusion of the roll call and minutes, Ed requested to amend the agenda to start with the financial audit.

Financial Audit:

Ron Lopez from the audit firm Gruber and Associates presented the 6 month financial audit which is attached as an addendum to these minutes. There were no significant findings, deficiencies, or material weaknesses. However, certain matters pertaining to co-op disbursements were communicated to management in a separate letter. The letter suggested that MHAIA require 3rd party invoices to ensure compliance with the co-op guidelines and to prevent over payment. Discussion on the co-op issues was delayed pending completion of the full financial and treasury report. Mike motioned to accept the audit and the motion was seconded by Francisco Falconi. There was no objection.

Treasury Report:

Ed Figueroa continued with the treasury report. Ed reported that all audit findings arising from the 2010 financial audit have been resolved and there were no journal entries in either the 2010 or interim 2011 audits. Additionally, as of September 23, the net cash balance in the managing and operating accounts is \$4,031,721.28

The full treasury report that includes the statement of activities, statement of cash flow and statement of activities is attached as an addendum to these minutes. A discussion on payments for administrative expenses took place and Adrian committed to discuss the issue with APEAM.

Upon conclusion of the treasury report, Ed presented the board with a revised July 2011 – June 2012 volume scenario. Based upon the crop report and data from APEAM's 680 MM lb. prospectiva, it appears that our original 600 MM lb. estimate may be too conservative. A discussion took place on volume, excess reserves and the added presence of Peru in the marketplace.

Mike motioned to peg revenue in line with a 680 MM lb. volume figure for the fiscal year while maintaining a 20% (\$3MM) reserve. The motion was seconded by Ed. There was no objection. The marketing committee will convene to discuss spending and timing. Adrian suggested that the committee also consider a merchandising effort and the need to fill the void created by the loss of the HAB merchandisers.

Ed continued with the financials. Mike observed that consumer advertising had decreased while the crop has increased. Adrian asked for an industry wide chart showing when and how money is being spent. Giovanni stated that the HAB is working on such a project, but good information is getting harder to obtain. Finally, Francisco motioned to approve the treasurer's report and the motion was seconded by Adrian. There was no objection.

Co-Op Documentation Needs:

Regarding the co-op issues raised during the audit, Ed requested that Ron Lopez explain the 3rd party documentation needs. The audit suggested that the co-op guidelines be amended to include 3rd party invoicing. Mike immediately motioned to amend the guidelines. A discussion and questions regarding the motion took place. The group decided that requiring this documentation will decrease the possibility of infractions and quantify the dollar amount. The motion was seconded by Ed. There was no objection. Ed continued the discussion on co-op and explained Dolora's new responsibilities of overseeing the operations of the co-op tool and although she will be handling the data, she will not be handling the importer questions and problems.

The discussion evolved into concerns over control and ownership of our web based resources. Currently Red Urban is in complete control and all of our data is stored on their servers. The group agreed that it would be a good idea to look into housing the data on our own server or domicile the information on a cloud that MHAIA has control over. Ron and Dolora will investigate and have some answers by November 1.

Brand Positioning and Logo Review:

Ron provided a breakdown of the three proposals received from an RFP developed by Jackie for the Joint Executive Committee to conduct a logo and brand positioning review. The initial proposal by Future Brand seemed to miss the objective of the exercise and was too presumptive.

The InterBrand proposal was more to our liking and included a validation phase with qualitative diagnostic testing or consumer research consisting of three groups with 4-6 consumers in three markets and one round of post-qualitative refinements. However, the proposal was very expensive (\$412,000) and the group was concerned about a conflict of interest because InterBrand is a subsidiary of Omnicom, the parent company of Encircle.

The Brand Engineers proposal was similar to InterBrand but the initial validation phase was purely quantitative and included no personal communication with the consumer. A later revised proposal included some qualitative validation but was still less than desirable.

The presentation concluded with a committee recommendation to pursue Brand Engineers but seek an expanded validation phase that includes additional qualitative and quantitative research.

The goal of the exercise is for the agency to conduct a thorough evaluation of two brand strategies including the logo and taglines and create a single brand position and strategy to help unify both organizations toward one strategic direction. However, the validation phase of the Brand Engineers proposal consisted mainly of quantitative research and the qualitative phase that includes personal interaction with the consumer was lacking.

Mike said the majority of the quantitative research should focus on the consumer because too many B2B respondents will likely be redundant. Discussion on cost took place. Because it is a Joint Executive Committee project, it will be billed according to the 2:1 funding formula outlined in the MHAIA / APEAM M.O.U. with separate contracts. After MHAIA agrees, the APEAM board will have to approve. Fundamental issue is that the two organizations are running two different advertising campaigns, so the assignment is not just to design a logo but to go farther and develop a unified brand position and strategic direction for both groups.

A discussion on APEAM's participation took place and Francisco assured the group that the APEAM board agrees that Brand Engineers should be the company hired to move forward with the project.

Giovanni motioned to move forward with the Brand Engineers proposal and to authorize 2/3 of the cost project until a final proposal is received that incorporates additional consumer and trade validation phases. Ron will go back to Brand Engineers and request a revised proposal that incorporates these aspects. The motion was seconded by Mike. There was no objection.

Legal Update:

Ron advised the board that we are still waiting for Summary Judgment. The defendants filed their papers which stating that the accusations were groundless. The decision has exceeded earlier time estimates, but Ron will advise the board as soon as we hear from the court.

Ron also presented the idea of working with Dale McNiel as legal counsel for the MHAIA. Because APEAM is currently working with Dale and they would be paying Dale through the administrative portion of the budget should the MHAIA hire Dale directly. Ron presented the board with the idea of working with Dale through APEAM who would compensate Dale directly. AMS will check to see if the current MOU between the MHAIA and the Office of General Counsel regarding the hiring of outside counsel is still valid or needs to be amended. Normally these MOU's are automatically renewed annually.

Meeting Schedule:

After discussion, the group agreed to the following schedule:

January 17 – Board meeting in conjunction with the CIA World of Health Flavors, venue TBT (MHAIA will pay expenses)

March 6-7 - Strategic Planning Session followed by board meeting in Houston, venue TBT

May 1 – Board meeting in conjunction with the United Fresh convention in Dallas, venue TBT (MHAIA will pay expenses)

September 26 – Annual meeting at the HAB Headquarters

Marketing Presentation:

Trade Advertising

The Botsford Group presented the 2011-2012 trade advertising campaign; a 39% stretch of the paid media budget was negotiated, for a total savings of \$80,281.

Foodservice Media Schedule

- PLATE magazine – 6 full-page ads and online ads tied to avocado, salad and sandwich recipe searches
- FOOD ARTS – 5 full-page ads and e-newsletters
- NATION'S RESTAURANT NEWS – 4 full-page ads and banner ads
- FLAVOR & THE MENU – 3 full-page ads

Retail Media Schedule

- SUPERMARKET NEWS – 12 full-page ads and Home Page road blocks on nrn.com
- THE PACKER – 4 advertorials
- PRODUCE BUSINESS – 3 advertorials
- PRODUCE NEWS – 4 advertorials

The Big Hit 2011 In-Store

3,600+ Big Hit 360° displays were implemented in stores in October. All featured entertaining recipes and the *Ultimate 3D Home Entertainment Center* sweepstakes.

New Category Research

The Botsford Group presented a review of the category, using Perishables Group data, for the 52 weeks ending July 30, 2011.

- U.S. volume was down 9.5%, but \$ were up 8.5%
- The Eastern half of the U.S. outperformed the Western half, due to user growth and the MHAIA marketing emphasis on lighter users
- Organic volume gains (+7.4%) and \$ gains (+16.7%) outpaced conventional performance
- Avocados had the second highest \$ contribution gains to the Produce Department (ranked 18th within the top 20 Produce items)
- The five highest-volume U.S. retailers were Kroger, Safeway, Supervalu, Publix and Ahold. Eastern U.S. retailers outperformed retailers in the Western half of the country.
- According to loyalty card research for 1,200 retailers (slight East-Coast skew), avocados have a 27% household penetration, and shopping carts with avocados have a higher basket ring at \$77.85 on average. Produce \$ per buyer were up 4.5%, while overall produce \$ per buyer were down 1.8%.
- The volume gap between the Eastern region (average weekly volume at 512 avocados per store) and the total U.S. (average weekly volume at 694 avocados per store) is still wide, indicating continued growth opportunities for *Avocados from Mexico* in the Eastern regions.

Detailed research reports are available to MHAIA members upon request.

The Botsford Group is also looking for retailer candidates for a data-driven ripe avocado program study, and requested Importers nominations for this retail candidate.

Holiday 2011 In-Store

A Holiday 2011 POS event will direct shoppers to holiday food ideas, with health benefits, in their local Produce Department. The in-store POS window is November 14th through New Year's Day.

Super Bowl 2012

Super Bowl 2012 will be a non-Sam-Adams event due to Sam Adams needs that are not compatible with Produce Departments. Up to 3,800 360° displays are budgeted for 2012, which will include four recipe take-ones for Game Day.

Print Added Value Updates

Encircle presented upcoming print media added value. Included:

- *Sandra Lee* Features in Party Planning Guides- Sept/Oct and Nov/Dec issues.
- *Bon Appétit* “Endless Possibilities” Reader Recipe Contest- Oct issue
- *Taste of Home* Culinary Vacation Sweepstakes to El Dorado resort in Mexico
- *Cooking Light* “Endless Possibilities” recipe feature - 3 custom recipes and photography in Oct. issue.

New Creative For Restaurant Trade Ads

After The Botsford group presented the Trade Ad media buy, Encircle presented the new creative for the restaurant/chef targeted publications in the buy.

The new ad creative featured an endorsement from Roberto Santibanez and emphasizing the versatility of Avocados from Mexico. Headline read “Add some WOW to your menu morning, noon and night.” The ad featured three recipe photos to correspond with that message- Breakfast Tacos, an Asian Chicken Salad and Avocado cheesecake.

Times Square Media Opportunity and Creative

Encircle presented the details on the CBS media opportunity for their super screen in Times Square, NYC. Due to inventory issues, CBS was able to offer us this placement at more than half off the rate card. The media buy included production of a: 15 spot.

The spot debuted the last week in August and is running through the end of September. The creative for the: 15 spot featured a take on the “Jeans” print ad, emphasizing only 50 calories per serving.

Results will generate 846 spots, 1.5MM impressions

At this time, MHAIA received the same offer to continue the creative through October and November. The creative in November will be changed out to coincide with the Holiday Entertaining promotion.

The Big Hit 2011

Encircle gave a quick recap on the TBS Big Hit elements.

- On-line ads on Yahoo Sports supporting the sweepstakes started on 9/26 and will run through 10/31- generating over 14 MM impressions.

- Encircle played clips of the “In game enhancement” and “In game Billboard” creative.
- In game enhancement copy “It’s time for The Big Hit brought to you by Avocados from Mexico.
- In game billboard copy “Brought to you by nutritious and delicious Avocados from Mexico”.
- Encircle presented the new added value TV creative, produced by Turner Sports.
- Board was unhappy with the new ads quality and message of the new ad and decided to reuse last year’s TV creative –with edits and updates instead of the new creative.

Taste the Wow- Spring Tour Results

- 7 Events – 13 total activation days
- 149,500 on-site impressions
- 40,175 product samples
- 23,963 brochures distributed
- Over 4,000 miles on east coast highways
- PR drove over 5MM print, online, broadcast and radio impressions

Big Hit- Stadium Sampling Events Update

5 events - 10 activation days

- Atlanta Braves 9/3-9/4
- New York Mets 9/10-9/11
- Philadelphia Phillies 9/17-9/18
- Washington Nationals 9/24-9/25
- Baltimore Orioles 9/27-9/28
- Sampled hot dog bites with zesty avocado sauce
- Samples distributed to date- 6,600
- Brochures distributed to date- 1,700

Holiday Promotion- “*Personal Holiday Chef Sweepstakes*”

- Sweeps begins 10/3 and ends 11/2
- Promoted week of 10/3 through social media and consumer email blast
- Promoted in six of our November print publications- (first on sale date is October 10) - over 13MM in circulation.
 - Family Circle
 - Good Housekeeping

- Cooking Light
 - Food Network
 - Real Simple
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- Parties will take place on December 1- Roberto Santibanez, December 2- Iliana de la Vega, and December 3- Rick Bayless
 - Each party will be filmed by a small camera crew to create mini “webisodes” that will launch the week of 12/5

Jackie provided a description of the 2011 HAB College football campaign in which MHAIA participated with \$300K. A breakdown of the media schedule was provided that includes 82 in game units, 142 sports related units, billboards and a Rose Bowl prize package. She also showed the HAB TV spot.

Jackie also proposed an additional Times Square spot for the holidays. The actual price for the spot was \$80K but because it is a remnant we only being charged \$18K. There will be new creative and it will run for 15 seconds every hour for 18 hours a day. Ron Suggested using the additional funds from the crop report for this and additional Times Square opportunities if they are presented but Mike thought they should be approved separately. Mike motioned to approve moving forward with ad and it was seconded by Giovanni. There was no objection.

A discussion took place regarding additional marketing funds resulting from the added revenue. Mike suggested adding radio to the Big Hit campaign in 2012. Ron suggested that the marketing committee meet to decide how to spend the additional \$3.2MM.

New Business:

Ron updated the board about an upcoming meeting with AMS about Food Safety. The USDA AMS just approve a Good Agricultural Practices and Good Harvesting Practices program in the California and the meeting is designed as a fact finding exercise about the possible inclusion of this program in the future food safety regulations.

Closed Session:

Motion from closed session: Marketing Director will report to the Executive Director.

Adjournment

There being no other business, Ed motioned to adjourn the meeting at 3:00 PM and the motion was seconded by Mike. There was no objection.

**Mexican Hass Avocado Importers Association
Board Meeting Minutes
November 1, 2011**

Place

Conference Call

Time: 11:30 am – 1:00 pm

Board of Directors:

DIRECTORS

Adrian Iturbide Mejia - Producer, Mich., Mexico	(p)	Chairman
Giovanni Cavaletto-Index Fresh, Bloomington, CA	(p)	Vice-Chairman
Alfredo Rodriguez Flores – Empacadora Agroexport, Tancitaro	(p)	Secretary
Ed Figueroa- LGS Speciality Sales, Bronx, NY	(a)	Treasurer
Francisco Falconi Pardo - Producer, Mich., Mexico	(a)	
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Phil Henry – Henry Avocado, Escondido, CA	(p)	(alt. Mike Browne)
Javier Campo – Del Monte Produce Coral Gables, FL	(a)	(alt. Jimmy Lotufo)

AMS: _____
Veronica Douglas

Officially Present: _____
Ron Campbell Jackie Bohmer
Dolora Sillman

A follow up conference call was held on November 1, 2011 to discuss some of the outstanding matters from the September 26 board meeting. Adrian took the roll call and assembled a quorum. Approval of the September 27 board meeting was waived until the next board meeting.

Agency Transition:

Ron explained some of the issues certain board members expressed about the quality of service MHAIA is currently receiving from Encircle. After viewing the less than impressive Big Hit commercial on September 26th, Jackie did some investigation and discovered certain changes in the organization that we were not

previously aware of that could likely impact our program. Additionally, after a brainstorming session in New York, there will be some new creative work that needs to be done and Jackie's professional opinion is that Encircle no longer has the creative ability to get the job done. Therefore it was suggested that MHAIA make a change to ensure that our marketing dollars are being spent effectively.

Jackie proposed a possible transition plan that would involve moving the remaining 2012 media buys to Luis Castellanos, who is currently running the Taste the WOW Tour, until a more permanent business plan can be developed.

There was concern expressed about transitioning from Encircle to a new internal team without going forward with an RFP. The idea is not to move forward with an interim hierarchy for the next six months and once the logo and brand review work is done, an RFP will go out to look for a more permanent solution.

Mike made a motion for Dale to draft a termination notice to Encircle immediately, instruct MHAIA staff to embark upon the transition plan, and notify the remaining contractors of the decision. The motion was seconded by Adrian. The transition team will be in place for at least six months until we receive direction from the brand and logo review. The team will immediately develop a list of action items that need to take place to ensure a seamless transition. Regarding a question on media, the media plan is in place but the media buy has not yet been done but it will be no problem for the new group to accomplish this task. Mike stated that the termination letter needs to instruct Encircle to stop all media purchases. Adrian took a vote and all were in favor. Ron and Jackie will work to put the new team in place and schedule a Marketing Committee call to lay out a plan of action for the next six months.

Brand and Logo Review:

Brand Engineers provided a final proposal outlining the validation options we requested that emerged from the September 27th meeting. Additionally, Sumit Agrawal from Brand Engineers provided an overview of the proposal. The consensus of the group was that the focus of the study should be on the consumer with less attention to the retailer. Therefore, Mike motioned to choose options 2 & 1 on the qualitative research and options 3 & 1 on the quantitative portion of the proposal. The motion was seconded by Giovanni. There was no objection.

The breakdown is as follows:

Brand Positioning and Genesis Process = \$55,000

Consumer Focus Groups – Option 2 = \$55,440

Trade / B2B IDs – Option 1 = \$30,540

+10% = \$8,598

Consumer Respondents – Option 3 = \$45,000

Trade/B2B Respondents Option1 = \$15,000

Total = \$209,578

Under the 2:1 funding formula MHAIA will pay \$140,000 and APEAM will pay the remaining \$70,000.

Co-Op Tool:

Regarding concerns voiced during the last meeting about Red Urban and the Co-Op tool, Ron explained that since that meeting we found that many of the responsibilities we thought were being handled by Red Urban are actually being subcontracted to third parties. Additionally, because of some of the inherent problems with the co-op tool, Red Urban had plans to scrap the existing software and redesign the sight. Nevertheless, because the current software is proprietary, even if we were to take over the existing co-op responsibilities, we would not have access to the software to run it. Therefore, Dolora presented a proposal to move our web site to a cloud server and develop our own co-op tool. In order to do this effectively, Dolora will need to work with a professional IT expert / consultant to make sure the data isn't compromised and co-op disbursements are not delayed during the transfer. During discussion, Giovanni questioned the overall need for co-op funding. Mike said this was an issue for the Marketing Committee. Adrian motioned that Dolora seek out an IT professional to help with this transfer process from Red Urban to MHAIA and the recommendation be referred to the marketing committee. Mike seconded the motion. There was no objection.

Future Meeting Schedule:

2012 Meeting Schedule:

January 17 – Board meeting in conjunction with the CIA World of Healthy Flavors, venue TBT (MHAIA will pay expenses)

March 6-7 - Strategic Planning Session followed by board meeting in Houston, venue TBT

May 1 – Board meeting in conjunction with the United Fresh convention in Dallas, venue TBT (MHAIA will pay expenses)

September 26 – Annual meeting at the HAB Headquarters

There being no new business Jimmy motioned to adjourn and Giovanni seconded. There was no objection.

Respectfully Submitted,

Ron Campbell, MHAIA Managing Director

I certify that the above is a true and accurate statement of the September 27 and the November 1, 2011 MHAIA Board of Directors Meeting and conference call.

Alfredo Rodriguez, MHAIA Board Secretary