

**Mexican Hass Avocado Importers Association
Board Meeting Minutes
January 17, 2012**

Place

Culinary Institute
St. Helena California

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

AMS: _____

Veronica Douglas

Officially Present: _____

Ron Campbell

Dolora Sillman

Amanda Morgan

David Botsworth

Andrea Bearis

Jackie Bohmer

David Botsford

Luis Castellanos

Dale McNiel

Members: _____

Guests: _____

Emiliano Escobedo

Eduardo Serena

Mark Burrell

At 9:30 AM Adrian took the roll call and established a quorum. He then presented the minutes of the September 27 board meeting. Ed motioned to approve the minutes and the motion was seconded by Antonio. There was no objection.

Financials:

In his treasury report, Ed supplied the group with MHAIA's current cash position and postponed the proposed budget amendment portion of his report until after the Marketing presentation.

Cash in Bank Balance- as of 1/13/12 = \$3,634,570.52

Citizens Bank –general account = \$2,587,464.67,

Citizens bank operating account = \$104,162.33

Merrill Lynch account = \$942,943.52.

Included in the total cash balance of \$3,634,570.52 are outstanding checks amounting to \$103,162.33 issued to various vendors. The net bank balance after outstanding checks is \$3,531,408.19.

The December 2011 assessment revenue estimated at \$1.5M was not included in the cash balance, as well as, the projected payable to vendor this coming check run of \$625K.

Management Update:

Ron and Jackie provided an update to the board on the brand and logo review. Ron provided the group with a breakdown of the 54 page keystone report that analyzed the various marketing strategies currently in place, the consumer perception of avocados, purchase behavior, trends and a competitive assessment of the promotional strategies used by the CAC, Chile, Mexico and to a lesser extent Peru. The report also discussed the emotional and rational attitudes and beliefs of the consumer, retailer and food service professionals concluding with a product analysis for Avocados from Mexico. In a follow-up conference call, changes were made and distributed to the group. The conclusion of the report provided two paths: one to grow the category and the other to boost the AFM brand. During the brand positioning work shop it is expected that a hybrid approach combining both philosophies will come to light. Without a positioning platform in place, the timing of the RFP for a new lead agency will need to be delayed.

Additionally, without the results of the brand and logo review it would be premature to move forward with the APEAM / MHAIA annual strategic meeting originally scheduled for mid-March. However, it is essential for this meeting to take place prior to APEAM's elections scheduled for June.

Because of these delays we will likely need to stay with the existing interim lead agency and marketing plan into the next fiscal year because the brand and logo

review process is projected to be completed in late Spring, toward the end of this fiscal year.

Website Migration and Co-Op Update:

Red Urban has committed to manage the website/email and co-op tools through the end of their current contract (through June 2012). MHAIA has requested that Red Urban migrate the website and email to a new MHAIA contracted cloud server to ensure smooth transition and continuity of operations. The website will be owned by MHAIA and housed on a cloud server (engine.com) and full access will be allowed to all MHAIA administrators. The cloud server provider will cost in the range of \$150.00/ month.

If we run into issues with RU on this migration, MHAIA will need technical support. We are looking for a tech-person with 10+ years technical software web development experience who can provide technical support after migration on a per hour basis to resolve issues and enhance the site. The rate will likely be in the area of \$50-65/hour- to migrate the website and ensure that cloud server is accessible to all users. The budget for the website and email migration is estimated at \$10,000.

Regarding the co-op tool, MHAIA will use the existing platform through the end of this fiscal year. If needed, MHAIA can shift to an Excel based system next year. Discussion ensued on the excess cost of working with this vendor compared to conducting these activities privately. An in-house tech person would be much more efficient.

Further discussion on the co-op program took place. A large amount of the co-op dollars that are allocated are not actually spent in the market. Giovanni questioned this inefficient use of marketing funds and suggested that we do away the program. Ed thought that there could be ways of fixing the program before doing away with it. Mike agreed with Giovanni that it is probably no longer a good idea to dedicate so much money to a program that is under-utilized, noting that the money can be better spent. Adrian suggested that we have come to a point in the discussion to make a decision on the need for this program and possibly go in another direction. Mike stated that it would be too disruptive to make any changes this year but we should consider changes in 2013.

Antonio said we should consider conducting some research within the ranks of the membership but Mike stated that the economics of the co-op program haven't changed over the years – 40% of the funds are continually unused year after year. Understanding this reality, Adrian believed that it will not be a good use of time to canvass the membership on this matter. Mike stated that 50-10 and 20-10 radio will benefit a much larger proportion of the membership and would be a better use of these funds. Alfredo suggested that we consider decreasing the amount of money dedicated to the program before ending it completely. Mike stated that this would be difficult for companies currently using it because it will be extremely difficult working with half the funds.

Motion: Giovanni motioned that MHAIA stand by the current 2012 co-op commitments but eliminate the co-op program from the 2013 budget. The motion was seconded by Adrian. During the vote, Alfredo stated that he was in favor of keeping the co-op program in place and he was concerned that some importers would object. Therefore, further consultation with the membership should be considered. Ed stated that it will be difficult to find an importer who will say that they are against the program. When asked directly however, he felt that the retailers were becoming too used to the program and the program could start to be abused. Giovanni stated that it is the board's job to make these hard decisions for the good of the overall program.

Adrian took a roll call vote:

Adrian – Yea
Giovanni – Yea
Alfredo – Nay
Ed – Yea
Francisco – Yea
Antonio - Yea
Mike – abstain
Jimmy - absent

The vote passed with 5 votes.

Marketing:

Jackie and the team presented the proposed amendments to the marketing plan based on a revised estimated volume of 680 MM lbs.

The budget with incremental funds totaling \$15,500,000 was presented in comparison to the original budget of \$12,350,000. Jackie singled out the areas of increase, which included advertising to support a spring radio campaign, public relations to fund the transition from Encircle and cover the costs of the Holiday program, and the remainder of funds was placed in OOP's to cover the costs of a server transition.

The marketing team then continued to present the media program. The program objective is to utilize :60 spot radio with :10 retailer tags in key MHAIA/retail markets to drive store traffic during high volume time periods.

Spots will be purchased in New York City, Chicago, Washington D.C, Boston, Baltimore, Cincinnati, Milwaukee, Louisville, Buffalo, Rochester, Albany, Syracuse, Ithaca and the target audience is women 25-54, \$60+HHI.

The strategy focuses in key MHAIA retail markets, utilizing top female-targeted stations in major drive time periods, where higher listenership is more likely.

Station selection will be driven by their ratings position as well as CUME listenership.

Timing:	February 27- May 5 2-6 weeks on air depending on mkt
Total Est. # of Spots:	1,525 per week
TRP's:	125 per market/per week
Reach/Frequency:	250 GRP's - 58% Reach, 4.4 Frequency 625 GRP's - 65% Reach, 9.7 Frequency 750 GRP's - 66% Reach, 11.4 Frequency
Impressions:	47,211,000

The radio advertising objective is to remind current light to heavy users that by "Just adding avocado" to dress up their meals they can make them even more amazing!

Reasons why consumers should add AFM to their meals includes:

- Look good- add an attractiveness that takes your meal to the next level
- Taste good- has the rich and creamy taste that only premium AFM can provide
- Nutritional benefits- you can feel even better when you choose to add AFM to your meals because you are also doing something good for yourself/your family.
 - Naturally adds nearly 20 vitamins and minerals to your diet.
 - Adds the good mono and poly-saturated fats your body needs

Luis, Amanda and David then read the two radio spots:

Mom in kitchen:

•SFX: *Cooking in the kitchen. Refrigerator opening. Chopping. Foley sounds under and throughout correspond to food prep action. Woman in her late 30s speaks.*

•WOMAN:

•...and we're back -- So today, we're going to dress up leftovers with Avocados from Mexico. I just bought a whole bunch of them at my local grocery store. – I love the pop of color they add to meals.

•I'm using last night's grilled chicken, which I've just cubed and put in a bowl. Now I'm going to slice my avocado in half, hollow it out and cube it like the chicken.

Totally OK to sample while you prep.

•WOMAN: *(eating, swallowing and speaking)*

•... mmmm...such a rich buttery texture and Avocados from Mexico are full of vitamins, minerals and good for you fats that your body actually needs. We'll mix the avocado together with the chicken and squeeze half a lemon on it - which adds some tang AND prevents the avocado from browning. Some cracked pepper, then spoon it back into the shell. Tada! Avocados from Mexico on the half shell. From average to amaz—

•SFX: *Footsteps into room. Bag dropped on counter.*

•SON: *(Suspicious but with a knowing smile)*

•Mom, who are you talking to?

- WOMAN: (*Flustered and embarrassed*)
- - Whuh? Hmm I...Uhhh..... hi.
- SON: (*With a smile*)
- You were pretending you have a cooking show again, huh?
- WOMAN: (*Clearing her throat. Deflecting.*)
- Dinner's ready. Go wash up.
- AVO TAG – Generic:
- For meals that are dressed to impress just add avocado. For recipes visit theamazingavocado.com. Find Avocados from Mexico right now at your local Grocery Store.

Office spot:

- SFX: *Cooking in the kitchen. Refrigerator opening. Chopping. Foley sounds under and throughout correspond to food prep action. Woman in her late 30s speaks.*
- WOMAN:
- ...and we're back -- So today, we're going to dress up leftovers with Avocados from Mexico. I just bought a whole bunch of them at my local grocery store. – I love the pop of color they add to meals.
- I'm using last night's grilled chicken, which I've just cubed and put in a bowl. Now I'm going to slice my avocado in half, hollow it out and cube it like the chicken. Totally OK to sample while you prep.
- WOMAN: (*eating, swallowing and speaking*)
- ... mmmmm...such a rich buttery texture and Avocados from Mexico are full of vitamins, minerals and good for you fats that your body actually needs. We'll mix the avocado together with the chicken and squeeze half a lemon on it - which adds some tang AND prevents the avocado from browning. Some cracked pepper, then spoon it back into the shell. Tada! Avocados from Mexico on the half shell. From average to amaz—
- SFX: *Footsteps into room. Bag dropped on counter.*
- SON: (*Suspicious but with a knowing smile*)
- Mom, who are you talking to?
- WOMAN: (*Flustered and embarrassed*)
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- You were pretending you have a cooking show again, huh?
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- AVO TAG – Generic:
- For meals that are dressed to impress just add avocado. For recipes visit theamazingavocado.com. Find Avocados from Mexico right now at your local Grocery Store.

Next the print campaign was presented. The objective is to retain strategy and character of 2010 and first half 2011 plans. The target audience continues to be women 25-54, \$60+HHI, Some College + and female principle shoppers who purchase avocados. And the placement is national on women's service publications, food, lifestyle and health and fitness.

The spring campaign includes:

Insertions: 20 Total
No. of Titles: 16
Reach : 62% against W25-54
Frequency: 2.7
Impressions : 106,035,000
Circulation: 40,185,000

The Mobile Tour was presented. The team explained that there were two Wow Trucks in the spring to expand the territory. The objective of the Wow Tour is to continue to build one on one relationships and trial with our target consumers in key MHAIA geography as well as expansion markets. Further leverage and reinforce relationships with chefs Cheryl Forberg and Survir Suran via product demos, as well our Cinco promotion at the grassroots level. This spring the Taste the Wow Tour will be able to maximize impact and expand into Midwest markets with a second Taste Mobile.

The Wow Mobile will be at:

Eastern Region

2/11-12	Washington DC Int'l Food & Wine Festival	DC
2/17-19	Savannah Southern Women's Show	GA
3/2-3	New York Wine Expo	NY
4/20-22	Virginia Women's Show	VA
4/27-29	Raleigh Women's Show	NC
5/5-6	Nat'l Harbor Wine & Food Festival	MD

Midwest Region

3/3-4	Minneapolis Food & Wine Show	MN
3/10-11	Cleveland Women's Expo	OH
3/24-25	Chicago Women's Expo	IL
4/13-14	GO St. Louis Marathon & Expo	MO
4/21-22	Fort Wayne Women's Expo	IN
4/27-29	Rolex Kentucky 3-Day Event	KY
5/6-7	Int'l Wine, Spirits & Beer Show	IL

This spring the Wow Tour will include:

- 31 activations in 12 markets
- 445,000 on-site impressions
- 124,000 samples
- 70,000 brochures
- 8,250 van miles
- 1,000,000 highway impressions
- 8,000 sweeps entries/email capture

The Wow Tour will include appearances by Cheryl Forberg and Chef Suvir Saran. They will be doing cooking demos and local media segments. In addition, we are running a sweeps "Wind a Day with Cheryl Forberg" which will be promoted during the tour stops and on Facebook. One lucky winner will receive a pantry and fridge makeover, food-shopping trips, cooking lesson with Cheryl. Additional support includes demos at local retailers with Supermarket RDs, Facebook/Twitter support, FourSquare check-ins and radio remotes.

Following the Wow Tour, the retail programs were presented with their respective public relations overlays.

Super Bowl was a hit. MHAIA secured displays in 4,525 stores; this is a 21% increase over last year's result. To support it PR secured registered dietitians Julie Upton and Katherine Brooking on a nationally syndicated segment and 10 in-studio local market segments. The messaging will focus on versatility and "slice, twist and pop" to tie in with February retail program.

Slice, Twist & Pop was presented. This program aims to address the frequent barrier to purchase, increase sales in the spring, after Super Bowl and educate new younger users for a lifetime. The goal is to get it in 3-4,000 stores in the month of February.

For Cinco de Mayo, MHAIA is partnering with Corona beer. Our goal is to get into a minimum of 3,700 stores/7,500 take one pads which equal to over 1 million take ones. Corona will fund 100% of the coupon redemption. The coupon will be to get \$1 off the purchase of two AFM. The projection is to distribute 1.5 million coupons at no MHAIA redemption cost. Corona will also give AFM extra merchandising and coupon distribution in their merchandising displays. Corona is the #1 selling imported beer and the most popular Mexican beer worldwide.

To support Cinco, PR will leverage Roberto Santibanez as our spokesperson, secure local media segments with registered dietitians, and do Supermarket RD outreach and support via social media.

Last item presented were the CIA Partnership events for the spring. Programs include World of Healthy Flavors; Produce First; Healthy Kitchens, Healthy Lives; and Healthy Kids.

Mike motioned to adopt the \$15,550,000 incremental budget as present and the motion was seconded by Ed. There was no objection.

Treasury Report:

July-2011-June 2012 proposed amended budget Statement of Activities and changes in Net assets

Last September 2011 meeting, the Board has approved an increase in volume from the original plan of 600 million to 680 million pounds. This resulted to an increase in the assessment revenue of \$1,703,576. The total amended revenue including assessment from HAB, APEAM support and interest earned is \$14,492,504.35 as compared to the \$12,892,647.20 the original budget.

To support the volume increase, the Board agreed to beef up the marketing and promotional spending by \$3.2M. The Board also agreed to maintain the cash reserve at 20% level and to use the excess funds towards the \$3.2 million additional marketing expenses.

- Total marketing and promotional amended budget is \$15,750,000 as compared to the original budget of \$12,350,000 or an increase of \$3.4M. (see page 3)
- Total marketing support in the amended budget of \$791,651 compared to original budget of 950,000 or a decrease of 158,350.
- Net increase in total marketing expenses is \$3,241,650. (see page 4)

Breakdown of marketing and promotional expenses total of \$15,750,000 are as follows:

1. Consumer campaigns from \$7.4M to \$10.2M or an increase of \$2.8M, composed of Radio-\$1.2M and media/print, seasonal promotion\$1.6M.
2. Public relations campaigns from \$1.033 M to \$1.358M or an increase of \$325K. Ketchum will continue some of the program left by Encircle.
3. Out of pocket expense from \$60K to \$106K or an increase of \$46K. The \$10K website hosting and migration estimated cost of \$10K is included in the budget.
4. Coop funds of \$2M, retail campaigns of \$1.05M, trade advertising of \$300K, trade events of \$200K, and web and internet campaigns of \$315K remains the same as the original budget.
5. Brand and Logo review fee of \$200K was approved last September 2011 and the funding was taken from the existing budget. The \$158,350 under budget in marketing support (see page 4) will be used to pay for the brand and logo review contracted fee of \$133,986.

Breakdown of marketing support total of \$791,651.

- AMS Program fees from \$74.6K to \$62.4 or a decrease of \$12.2K. This is due to the new AMS rate for the fiscal year Oct 2011-Sep 2012 (old rate was \$5.8K/mo., new rate at \$5.0K/mo.)
- Crop report from \$150K to \$80K or a decrease of \$70K. MHAIA share was 50% of the total fee.
- Executive director's fee of \$147.75K and other expenses of \$30K same as the original budget. Note that a bonus of 15% or \$18,750 was included in the total director's fee to be paid March of 2012.
- Legal fee was reduced to \$162.3K from a budget of \$272.4K. The Preston Tully case settlement was finalized last December 2011.
- Marketing director's contract fee of \$199.2K and \$30K other expenses same as the original budget.
- Board of director/committee meeting from \$12K to \$47.1K or an increase of \$35.1K. The increase was due to marketing related travel expenses scheduled in Jan and March 2012.
- Strategic meeting/consultant fee of \$30K same as original budget.
- Interpreter's fee from \$8K to \$6.9K.

Unrestricted Administrative expenses of \$127,731. The admin expenses are funded by APEAM.

- The total amended administrative expenses are \$127,731 or \$8,016 lower than the original budget of \$135,747. The decrease was due to legal fees of \$10,000 offset by a slight increase in bank charges of \$1,213 and other accounting expenses of \$771.00.
- All other expenses such as Finance director's fee and other charges, insurance and depreciation have remained the same as the original budget.

Please note that the only outstanding invoice not paid by APEAM was for the month of December 2011 amounting to \$8,221.62. Actual invoice was sent to APEAM last January 9, 2012.

The result of operations or change in net assets for the fiscal year July 2011-June 2012 was a negative \$2,076,877.

Statement of Cash Flow (CASH RESERVES)

The estimated cash and cash equivalents (Cash Reserves) at the end of June 30, 2012 is \$3,062,829 or 21.19% of the assessment revenue.

Change in Net Assets- Jul 1,2011 to Jun 30 2012	(2,076,877)	Results of operations- July 2011-June 2012
Adjustments to reconcile to Net assets:		
Net (Increase)/Decrease in operating activities	(108,692)	Increase in AR-\$111,107 and decrease in Prepaid -\$2,415 Decrease in AP-\$592,517 and decrease in accrued liabilities-
Net Increase/(Decrease) in operating liabilities	598,172	\$5,655
Depreciation	1,222	
Total Adjustments	490,702	Net adjustments
Net cash inc/(dec) in cash and cash equivalent	(1,586,174)	
Cash and cash equivalent at the beginning of July 1,2011	4,649,003	
Cash reserves end of June 30,2012	3,062,829	

Statement of Financial Position- Page 6

The total Assets of \$4.134M include the cash and cash equivalents of \$3.06M, accounts receivable from HAB-\$1.06M for the estimated June 2012 assessment, accounts receivable from APEAM of \$8.1K and net fixed assets of \$1.22K. The Liabilities and net assets of \$4.134M includes total liabilities of \$966.3K and net change in assets of \$3.16M.

Upon completion of the budget presentation, Mike motioned to amend the budget as presented and the motion was seconded by Adrian. There was no objection.

Legal Update:

Ron introduced Dale McNiel to present the legal update. On the Tully litigation - we are still before the court and a decision is pending possibly within the next six weeks. The Encircle Marketing settlement agreement is still pending. Ed made a motion to stop all payments to Encircle Marketing until a settlement agreement has been signed. Adrian seconded, there was no objection. Finally, Dale stated that the MHAIA should consider US antitrust laws during board activities. Although MHAIA is run in part as a government organization it is a DC corporation and it is composed of competitors from various companies. Therefore, something should be put in place to protect board members from antitrust problems. For example, standard antitrust compliance language should be included on every agenda. In addition, this statement should be recognized by the board at every meeting. Veronica stated that antitrust is not an issue for MHAIA because AMS guidance prohibits discussion on price. She stated that she will check with the Office of General Counsel for clarity.

Future Meeting Schedule:

Mark Burrell addressed the group about the future strategy session. We decided to delay the March date for this session until the brand positioning exercise is complete. If this project is complete by April we should try to have a two day meeting in Morelia, Michoacán. Regarding participation, the MHAIA should invite the executive committee (Adrian, Giovanni, Ed, Alfredo) Mike and Antonio to participate. APEAM will decide separately.

The next board meeting will be in May in conjunction with the United Fresh convention.

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.

Respectfully Submitted,

Ron Campbell, MHAIA Managing Director

I certify that the above is a true and accurate statement of the January 17, 2012
MHAIA Board of Directors Meeting.

Alfredo Rodriguez, MHAIA Board Secretary