

**Mexican Hass Avocado Importers Association
Board Meeting Minutes
May 2, 2012**

Place

Hilton Anatole
Dallas, Texas

Time: 9:00 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	(p)	

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	(p)	(alt. Ed Figueroa)
Carlos Genel – Producer Mich., Mexico	(p)	(alt. Francisco Falconi)
Ricardo Vega – Fiticola Velo, Uruapan, Mexico	(p)	(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	Jackie Bohmer
Dolora Sillman	Amanda Morgan
Luis Castellanos	Dale McNiel
Julie Schumacher	Andrea Barish
Elizabeth Watters	Paz Echevama
Mark Burrell	Peggy Jaret

Members: _____

Victor Barragan	Chris Henry	Jon Ullrich
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Guests: _____

Emiliano Escobedo	Eduardo Serena
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At 9:00 AM Adrian took the roll call and established a quorum. He then presented the minutes of the January board meeting. Antonio motioned to approve the minutes and the motion was seconded by Giovanni. There was no objection.

Financials:

In his treasury report, Ed supplied the group with MHAIA’s current cash position

The Net Cash Balance as of April 27, 2012 of \$6,790,399.80. The net cash balance details are as follows:

Citizens Business Bank-MM account				5,846,268
Citizens Business Bank-Optg account				887,883
Merrill Lynch				943,131
Total				7,677,283
Adjustments				
	Outstanding checks/checks not cleared			(886,883)
Net Balance				6,790,400

The cash balance does not include the April assessment estimated at 1.4M and April 30 check run estimate of 528K.

Ed provided the details of the proposed 2012-2013 fiscal year budget as follows.

The volume is estimated at 720 million pounds resulting to \$15,300,000 assessment revenue. The contribution from APEAM for the administrative support is estimated at \$142,547 and interest income of \$13,000. The estimated cash reserve at the end of June 2013 is 4,829,851 or 32% of the assessment revenue.

Management Update:

Brand and logo review –

Ron provided an update on the brand positioning project.

To date Brand Engineers has been working with the Core AFM Team to develop three distinct positioning options to develop the final positioning for the Avocados From Mexico brand. The final position will guide creative development and serve as a roadmap for the organization to ensure efficient growth and receptivity to the brand.

BE has finished the qualitative portion of this phase by wrapping up interviews in four cities (San Diego, Chicago, Parsippany, and Austin) with consumers, restaurants, and retailers.

During the research Brand Engineers was able to refine each of the three positioning concepts to ensure each was delivering a singular message.

1. Great Taste by Origin
2. Consistent Quality by Origin
3. Health, Nutrition, and Taste – Expert Recommended

Results will be summarized in the forthcoming qualitative research report.

BE is currently working on the development of the quantitative research surveys to complete the next portion of the Validation Phase.

AFM Inc. –

Ron introduced Mark Burrell to provide the board with an overview of the outcomes from the strategy session which took place the previous two days.

The Group developed a conceptual framework and strategy to form a subsidiary company named Avocados from Mexico Inc. that will grow demand, consumption and the market for avocados from Mexico. The purpose of the entity is to:

- Develop and sustain a single marketing message, common brand and one tag line
- Leverage scalable MHAIA and APEAM combined resources
- Create significant synergies and achieve measurable operating efficiencies
- Eliminate structural legal and tax risks

The full conceptual framework and strategy, including timeline for completion of specific tasks, is attached as an addendum to these minutes.

Approval by AMS is still pending, but the group decided that we need to seek board approval of such an action in the event a positive outcome is reached.

Motion Mike Browne:

The board acknowledges and supports the concept and gives managing director permission to develop a business plan to create AFM Inc. for future MHAIA board consideration and possible approval, pending AMS decision making process; seconded by Ed Figueroa. There was no objection.

Marketing Presentation:

Jackie Bohmer opened the Marketing Presentation by introducing the members of the team; some were new faces such as Elizabeth Watters. She also touched on a few changes that were taking place. First, David Botford would not be renewing

his contract with MHAIA so she has opted to hire Oscar Garcia and Ryan Fukuda directly to help with retail and merchandising programs. Second, she announced that MHAIA will not be renewing Red Urban's contract and that she will be working with Natalia Arias who currently does the APEAM website. She presented the budget and gave a top line of the line items.

She then passed it on to Luis Castellanos from C+CG. He continued to state that MHAIA execute a bold, integrated and efficient marketing plan in consumer, trade and retail channels including:

TV, Radio, Print
Public Relations / Social Media
Retail Promotions
Experiential Marketing
Multi-cultural (Hispanic)
Online

The Media strategy will implement a unique and robust media buy to deliver 60% more impressions than last year:

	<u>2011- 2012</u>	<u>2012-2013</u>	<u>% Increase</u>
NET Media \$'s:	\$4,235,390	\$6,346,108	50%
Impressions:	312,782,000	498,498,000	60%

The target is college educated women 25-54 with a HH\$ of 60,000 +

The flighting will be during the overall key season of September to May.

Discussion on current radio campaign took place. Mike suggested amending the existing budget to add more radio with retailer incentives such as 10 second tags and in store demos, due to higher expected volume through June. Because of the elimination of co-op funds, there are less in-store demos.

Mike motioned to amend the 2012 budget to add \$400,000 for in-store and an additional \$1MM for extending the existing radio campaign. The motion was seconded by Ed. There was no objection. Ricardo mentioned that APEAM will increase merchandiser support during this time.

The Media Mix includes magazines, cable TV, local radio in English and Spanish. The calendar was then presented with a net budget of \$6,346,108. The print publications include women service, food/epicurean and health and fitness. The existing print campaign will be utilized, but will be revised to account for new nutritional information and copy points. For example, the Jeans ad has been revised to include, new information on sugar content, weight loss attributes and the fact that Avocados from Mexico are the #1 selling avocado in the U.S.

The Hispanic Creative will follow current ad campaign, but will be transcreated to adapt message to Hispanic audience insights.

Eduardo Serena voiced concerns about the skinny jeans ad stating that it may raise an issue in the consumers mind about avocado fat content.

Recommend "Jeans" creative because it is culturally relevant to Hispanic women over index on health, beauty and lifestyle purchases versus the general market.

Cable TV is concentrated in top networks across both Light and Medium Users With a mix of 2 to 4 networks such as HGTV, Bravo, Food Network, TLC and E!

Cable TV Creative Strategy is to maintain creative and brand message continuity and TV will allow us to bring current campaign to life, give it more personality and create an emotional connection with consumers. It will also allow us to increase usage ideas and appetite appeal. The creative will be targeted seasonally based on media flights.

The creative boards were presented. Although the marketing committee stated that two ads were sufficient, all three were presented for board approval.

Concerns were raised about the potential low quality of the commercials due to the low cost of production. The low cost is a result of production in Latin America and quality will be assured.

Big Hit was presented:

TBS will host American League this year and there will be a total of 34 commercials. The custom "Big Hit" Sweepstakes and on-line media will deliver over 76M Impressions.

Big Hit Trade events / The Big Hit Suite Events will include VIP entertainment events for MHAIA importers and their customers.

Mobile Tour:

The AFM Wow Tour continues to expand and zigzag across the East Coast and the Midwest, making a bold presence at Food & Wine, Lifestyle, Health and Baseball venues. To date the "Avocado Trucks" have logged more than 32,000 miles, visiting 20+ markets, serving up more than 240,000 tasty samples of AFM.

Avocados in NYC Sweepstakes Recipe Challenge:

Public Relations:

Develop cross-channel programs that encourage our targets to increase purchase/use of Avocados from Mexico to demonstrate the versatility, taste, value and excitement of Avocados from Mexico and educate consumers about ease of use: selection, handling and storage.

Social Media:

Will enhance existing social media channels to grow engagement, build out timeline in a fun, unique way by engaging online community to crowd-source next steps and introduce engaging new tabs to create additional draw.

PR Support of Baseball, Super Bowl and Wow will tap local network of registered dietitians for print coverage, broadcast segments, and social media.

Viva Mexico with Mario will celebrate Hispanic Heritage Month September 15 – October 15, focusing on the cuisine and culture of Mexico

Slice, Twist & Pop / Celebrating Cinco de Mayo will conduct outreach to food editors with Cinco de Mayo recipes and party tips.

Cheryl Helps you Eat Healthier Tour:

Cheryl will influence how people shop and eat through three unique activations:

- Cohosts webinars with Supermarket RDs from her kitchen.
- Through a partnership within the Academy of Nutrition and Dietetics, Cheryl hosts a workshop in her kitchen for RDs and culinary professionals
- Cheryl and former Biggest Loser contestants take local consumer and trade media and bloggers on a supermarket tour

Food Service Events:

Culinary Institute of America:

–Latin Flavors, American Kitchens, October 2012: Continue Gold-level sponsorship.

–Worlds of Healthy Flavors, January 2013: Continue sponsorship.

Multi-Unit Foodservice Operators Conference (MUFSSO), Sept. 30- Oct. 2, 2012

NRA Marketing Executives Group (MEG) May 2013:

Trade Public Relations will:

Build broad visibility for Avocados from Mexico via earned media opportunities in leading national trade publications (print and digital) and create awareness among growers of Avocados from Mexico marketing campaigns and promotions activities.

Trade Media will educate the trade on the benefits of stocking and using Mexican Hass avocados by publishing advertorials of MHAIA activities and create awareness with the foodservice trade of the product, taste and consumer advantages of Mexican Hass avocados.

Website will be updated to remove old content and improve navigation, include customer response marketing and more robust interactivity.

Discussion on next year's volume took place. Dolora provided a cash reserve scenario to the group for Fiscal 2013. The Board agreed that 800 MM lbs. is a more realistic volume figure. However, there is no need to make any adjustments to the marketing proposal. Ed motioned to forecast 800 MM lbs. in the budget coupled with a \$13.6 MM marketing spend.

Closed Session to discuss legal issues and staff contracts:

Mike motioned to adopt Dale McNeil's antitrust policy recommendations and the motion was seconded by Paco. There was no objection.

In the case of Preston Tully the board decided to try and settle the case and recoup the legal fees MHAIA has spent on the case over the past three years.

The board decided to postpone employee contract decisions until position descriptions and evaluations are developed.

Code of Conduct and Fraud:

AMS has made some changes to conduct and ethics policy and it's required to be signed on a yearly basis. Documents were provided to the board members for signature.

New Business:

Mike resurfaced the idea of a national avocado month. Emiliano stated that HAB will pursue it.

Paco stated that APEAM is participating in funding a research center in Veracruz, Mexico to work on issues such as post-harvest quality and requested that MHAIA consider participation as well. APEAM will develop a more specific request to be delivered at future meetings.

Ron introduced Arturo Medina from ProHass Peru. Arturo thanked the group and gave the group a general outline of the upcoming season's activities.

Ron introduced Emiliano who provided the group on some current HAB health related research activities.

Future Meeting Schedule:

Ron will schedule a conference call in the coming weeks to seek board approval to spend funds on a search firm. The next board meeting will be the Annual Meeting on September 26th at the HAB Headquarters.

Adjournment

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

Respectfully Submitted,

Ron Campbell, MHAIA Managing Director

I certify that the above is a true and accurate statement of the May 2nd , 2012 MHAIA Board of Directors Meeting.

Alfredo Rodriguez, MHAIA Board Secretary

**Mexican Hass Avocado Importers Association
Board Meeting Minutes
June 12, 2012**

Place

Conference Call

Time: 1:00 – 2:30

Board of Directors:

DIRECTORS

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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)	
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A conference call was held to discuss some of the remaining issues from the May 2 board meeting:

- Staff Contract Approval and HR Consultant needs
- Status of AFM Inc. Business Plan and CEO Search Firm Approval
- Status of Brand Engineers Study and Qualitative Results

Adrian took the roll call but waived approval of the May 2nd minutes so minutes from this call can be included as an addendum.

Closed Session:

In Executive session Ed Figueroa discussed staff contracts and necessary compensation based upon performance reviews.

Motion: Ed motioned to extend staff contracts with pay raises and performance bonuses. The motion was seconded by Mike. There was no objection. (The board used the 2011 Commodity Board Compensation and Benefit Study as guidance in developing MHAIA staff compensation.) The consensus also included a request for Ron to move forward with an RFP for future consideration of an HR firm to formalize position descriptions and evaluation criteria.

Upon conclusion of the closed session, the board discussed the attributes of two executive search firms being considered to seek out a CEO for AFM Inc. in the event AMS approves of the MHAIA subsidiary concept. Although Kincannon and Reed have a very impressive list of relevant searches, the board leaned toward Mixtec because of their expertise in the produce industry. The compensation for both companies was similar (1/3rd for K&R and 30% for Mixtec).

Motion: Antonio motioned to give permission for MHAIA to hire Mixtec to search for a CEO for AFM Inc. contingent upon AMS approval of the MHAIA subsidiary concept. The motion was seconded by Giovanni. There was no objection.

Next Steps: Ron will submit a budget to AMS for the 2012-2013 fiscal period adopting these and the figures discussed and approved during the May 2nd meeting for AMS approval. If AMS approves of the subsidiary concept, an amended budget will be developed to include a line item for a search firm for the CEO.

Finally, Ron updated the board on the Brand Engineers brand positioning project. The project is in the final stages and will like reach completion in early July. When the data is compiled, BE will provide rational and make a recommendation for a Brand Blue Print moving forward. The JEC will meet to discuss these results and next steps for MHAIA board action.