

**Mexican Hass Avocado Importers Association
Board Meeting Minutes
May 14, 2013**

Place

Hard Rock Hotel
San Diego California

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
Sergio Paz - Del Monte Grupo Comercial, Uruapan	(p)	(alt. Alfredo Rodriguez)
Ed Figueroa- LGS Speciality Sales, Bronx, NY	(p)	Treasurer
Francisco Falconi Pardo - Producer, Mich., Mexico	(a)	
Antonio Villaseñor Zurita- Vifrut, Uruapan, Mexico	(p)	Secretary
Mike Browne – Calavo Growers Inc., Santa Paula, CA	(p)	
Gahl Crane – Green Earth Produce, Verona CA	(p)	(Alt for Jimmy Lotufo)

ALTERNATE DIRECTORS

Martin Mendoza Torrez – Producer, Mich. Mexico	(p)	(alt. Adrian Iturbide)
Doug Meyer - West Pack Avocado, Temecula, CA	(a)	(alt. Giovanni Cavaletto)
Javier Medina – Mevi Avocados, Pharr TX	(a)	(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)

AMS: _____

Veronica Douglas

Officially Present: _____

Ron Campbell

Jackie Bohmer

Dolora Sillman

Oscar Garma

Ryan Fukuda

Tanya Edwards

Tim O'Connor

Armando Lopez

Don Ladhoff

Dennis Crowley

Members: _____

Gary Caloroso

Chris Henry

David Ruiz

Sergio Guerrero

Armando Lopez

Chris Henry

Ramon Paz

Scott Bauwens

Rito Mendoza

Michael Angelo

David Ruiz Vega

Felipe Iturbide

David Ruiz Cruz

Guests: _____

Emiliano Escobedo

Gina Widjaja

Jesus Narango

Ignacio Gonzales

Ignacio Gomez

At 9:00 AM Adrian called the meeting to order, asked Ron to call the roll and a quorum was established. He then presented the minutes of the January board meeting and corresponding conference calls. Adrian motioned to approve the minutes and the motion was seconded by Ed. There was no objection.

Because Alfredo resigned from the MHAIA board, Adrian asked for a volunteer to assume this responsibility until a new board is established in September. Antonio volunteered and accepted the Secretary's position.

Financials:

Ed presented to the group the Fiscal year 2012-2013 Estimate with ending cash reserves of \$5.5M.

Statement of activities and Changes in Net Assets:

Volume- Total volume of 1.05 billion pounds or 8.6% higher than budget of 968 million pounds.

Assessments from HAB of \$22.3 M or \$1.8 M increase compared to budget of \$20.6 M.

Contributions from APEAM showed An Increase of \$2.8K due to additional \$3.6K or 1/3 portion of the consultant expenses of \$1.7K fee and \$3.6K and a decrease in bank charges of \$2.4K.

Marketing expenses – Total of \$24.37M or \$148K lower than budget of \$24.5M. The decrease was due to \$151.8K accrued COOP that did not materialize and an increase \$3.4K additional 2/3 portion of the consultant fee.

Administrative expenses- Total of \$326.6K or an increase of \$2.8K compared to budget of \$323.8K due to additional \$3.6K or 1/3 portion of the consultant expenses of \$1.7K fee and \$3.6K and a decrease in bank charges of \$2.4K. (Note the explanation is the same as Contribution from APEAM).

Change in Net Assets- Current period or Fiscal Year - A negative \$2.015M result of operations due to higher marketing expenses of \$24.4M versus the assessment of \$22.3M.

\$5.5 M estimated cash reserves at the end of this fiscal year

Change in Net Assets- Current period or Fiscal Year	(\$2.015M)
Total Adjustments	(402K)
Cash beginning of the period (from last FY year)	(7.9M)

Cash at the end of the fiscal year June 2013	5.5M
<i>Note: 5.5M is 24.69% of assessment. If at 15% - \$3.4M</i>	

Total Liabilities and net assets of \$7.2M. (Note I can help present this chart)

Other items discussed:

- \$250K additional marketing expenses for the fiscal year 2012-2013, allotted to pay two retail consultants and \$190K interim marketing charges.
- hiring of a bookkeeper to handle the AFM payables.

A discussion ensued regarding the reserve and it was the sense of the board to roll the excess funds into the next fiscal year's programs.

The full Treasury report can be made available upon request.

JEC Report:

Adrian introduced Ron to present the finalized MOU and By-Laws resulting from the April APEAM/MHAIA joint strategic planning session. A recap of this strategic planning session is attached as an addendum to these minutes.

Mike motioned to accept the MHAIA by-laws as amended and the motion was seconded by Adrian. There was no objection.

Mike motioned to accept the MOU as amended and the motion was seconded by Giovanni. There was no objection.

Marketing:

Jackie presented a recap of the current marketing plan.

Tim O'Connor presented proposals for the consumer and retail strategies for AFM along with budget and staffing proposals for the team to manage and deliver AFM's campaigns and programs. The overarching strategy for AFM is to grow the avocado category and propel the Avocados from Mexico brand, to accomplish that strategy a program of consumer advertising utilizing multiple media formats, public relations, foodservice and retail marketing programs was presented. Two agencies rose to the top in the agency review process to be key partners in accomplishing AFM's objectives; Arnold Worldwide, advertising, and Ketchum, public relations and foodservice, and were recommended for approval following a review of each of the 11 agencies presentations that were selected to make a pitch. Mike motioned to endorse the recommendations from the individuals involved in the agency

selection process and the JEC and move to allow AFM to hire the selected agencies.

After Tim's morning presentation and discussions on volume for the 2013-2014 season, Mike motioned to set MHAIA's top line budget at 1.1 billion lbs. with an income figure of \$23.4 MM. The motion was seconded by Antonio, there was no objection.

The budget proposal developed for AFM's first fiscal year was initially based on a conservative income projection of \$30 million, during the discussion it was increased to \$36 million based on the increased volume of fruit currently being imported, having surpassed the 1 billion pound threshold for the current year (24,000,000 + 12,000,000 combined MHAIA and APEAM resources).

Giovanni motioned to approve the \$24 MM MHAIA portion of the \$36 MM AFM marketing budget presented by Tim and the \$700 K MHAIA budget as outlined in the FY 2013-2014 MHAIA cash scenario. The motion was seconded by Sergio Paz. There was no objection.

Following discussions on the strategy, budget and organization staffing proposals, the board tabled consideration of full adoption of the AFM organizational structure and additional MHAIA staffing and contracts for further discussion in closed session.

Plans were made to hold a Joint Marketing Committee meeting in California the week of July 15 to review the details of AFM's program plans followed the next day by an importers meeting to present AFM's program plans in detail to all interested importers.

The board also voted to approve a \$29,950 AFM sponsorship package investment for the Produce Marketing Association's Fresh Summit. This sponsorship will provide AFM with a unique opportunity to present its launch and new program plans to the universe of produce retailers and the produce industry leadership at the most attended event at Fresh Summit. AFM will be able to show a two minute video to deliver its core messages at the general session which will be an outstanding platform to position AFM to the industry. Mike motioned to move forward with this initiative and the motion was seconded by Adrian. There was no objection.

The next meeting will be the MHAIA annual meeting in Napa on September 9th and 10th at the Culinary Institute of America.

Emiliano provided an update on the HAB budget for direction and planning based upon a 1.7 billion pound projection. A full plan will be presented in November. A nutrition brand positioning will be presented for the industry. The global data system received USDA approval and HAB would like to implement this during the third quarter of this year. The name of the program is the Avocado Volume and

Inventory System (AVIS). A nutrition strategy team is being developed and Tim has been invited to participate. A meeting is scheduled for July 23rd.

Ignacio Gonzalez provided a word of thanks for the invitation to participate in the meeting.

The public meeting concluded and a closed session was convened by the board:

Motions from the closed session:

Giovanni motioned that MHAIA agree with \$2.4 MM AFM organizational structure under Tim and MHAIA's \$24MM portion of the AFM budget as presented by Tim. The motion was seconded by Antonio. There was no objection.

Giovanni motioned to amend the existing MHAIA budget to allow for \$190,000 for interim marketing expenses and an additional \$60,000 for marketing consultants the motion was seconded by Mike. There was no objection.

Additionally, evaluations were performed. Ed made a motion to accept the performance evaluation procedures

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 Executive Director

I certify that the above is a true and accurate statement of the January 22nd, 2013 MHAIA Board of Directors Meeting.

Antonio Villasenor, MHAIA Board Secretary

**Mexican Hass Avocado Importers Association
Board Meeting Minutes (Addendum 1)
February 15, 2013**

Place

Conference Call

Time: 12:00 PM – 1:00 PM EST

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	(a)	Secretary
Ed Figueroa- LGS Speciality Sales, Bronx, NY	(p)	Treasurer
Francisco Falconi Pardo - Producer, Mich., Mexico	(a)	
Antonio Villaseñor Zurita- Vifrut, Uruapan, Mexico	(p)	
Mike Browne – Calavo Growers Inc., Santa Paula, CA	(p)	
Gahl Crane – Green Earth Produce, Verona CA	(a)	(Alt for Jimmy Lotufo)

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Carlos Genel – Producer Mich., Mexico (a) (alt. Francisco Falconi)
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Phil Henry – Henry Avocado, Escondido, CA (p) (alt. Mike Browne)
~~Gahl Crane – Green Earth Produce, Verona CA (a) (alt. Jimmy Lotufo)~~

AMS: _____
Veronica Douglas

Officially Present: _____
Ron Campbell Jackie Bohmer
Dolora Sillman

Members:

Gary Caloroso

A conference call was held to hear the Marketing committee recommendations regarding the board decision to spend an additional \$2MM on retail promotions.

Adrian took the roll call, formed a quorum and waived approval of the minutes from January 22nd. He introduced Mike and Jackie who then presented the proposal (available upon request).

The incremental spend is:

Seasonal Promotions - \$200K
Foodservice - \$300K
Retail Programs / Sales Tools - \$1,450,000
Website - \$50K

Mike motioned to accept the committee's proposal and the motion was seconded by Giovanni. There was no objection.

New business:

Ed mentioned that he received preliminary results from Creative Management Solutions; the HR consultant hired to help develop employee evaluation criteria. Ron will work towards completion and pass the final product around to the board for final approval.

Mike mentioned that there seems to be a discrepancy in volume numbers between HAB and APEAM and requested that Dolora work with Robert Rumph to audit the figures. Dolora will report back.

Ron reported that CEO search for AFM is winding down and interviews for the finalists will be conducted on February 18. Upon completion, Ron will schedule a board conference call to conduct an electronic vote to approve hiring the new CEO of AFM.

There being no additional new business Mike motioned to adjourn and the motion was seconded by Ed. There was no objection.

Respectfully Submitted,

Ron Campbell, MHAIA Executive Director

I certify that the above is a true and accurate statement of the February 15th, 2013 MHAIA Board of Directors Meeting.

Alfredo Rodriguez, MHAIA Board Secretary

**Mexican Hass Avocado Importers Association
Board Meeting Minutes (Addendum 2)
February 26, 2013**

Place

Conference Call

Time: 12:30 PM – 1:30 PM EST

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	(a)	Secretary
Ed Figueroa- LGS Speciality Sales, Bronx, NY	(p)	Treasurer
Francisco Falconi Pardo - Producer, Mich., Mexico	(a)	
Antonio Villaseñor Zurita- Vifrut, Uruapan, Mexico	(p)	
Mike Browne – Calavo Growers Inc., Santa Paula, CA	(p)	
Gahl Crane – Green Earth Produce, Verona CA	(a)	(Alt for Jimmy Lotufo)

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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)
Gahl Crane – Green Earth Produce, Verona CA	(a)	(alt. Jimmy Lotufo)

AMS: _____

Veronica Douglas

Officially Present: _____

Ron Campbell

Jackie Bohmer

Dolora Sillman

Jerry Butt

On February 26, a closed session of the MHAIA board of Directors and APEAM leadership was held to discuss the final results of the CEO search for the AFM subsidiary. Following the closed session an executive committee recommendation was developed and the full board was convened.

Adrian took the roll Call, developed a quorum and delayed approval of the January 22nd and February 26 minutes. He then introduced Jerry Butt from MIXTEC.

The four finalists represented a senior level trade association executive, a senior VP from a produce company, a senior level marketing executive from a food company and an executive from the consumer product goods industry. Jerry explained the positive and negative attributes of all of the individuals and stated that the group keyed in on Tim O’Connor from the United States Potato Board because of his knowledge, expertise and success in the produce industry as well as his start-up capabilities and business acumen. Tim rose to the top.

The full offer for the position of Chief Executive officer will include salary and an incentive package as follows:

Position Title: Chief Executive Officer

Reports to: Joint Executive Committee, AFM, Inc.

Location: Denver, Colorado

Annual Bonus Plan: Based on mutually-agreed upon performance objectives. Bonus objectives will attempt to be specific, measurable, attainable, relevant and time-framed. Minimum benchmarks must be met to attain bonus. Plan Year 1 Deliverables TBD. Bonus payouts to be distributed quarterly.

Retirement Savings Plan: AFM will contribute 8% of base salary to a retirement plan TBD.

Health Benefits: AFM will provide health benefits, which includes medical, dental and vision insurance, at no cost to each regular full-time employee. Dependent coverage provided with Mr. O'Connor paying a portion (20%) of this coverage. Mr. O'Connor will be reimbursed Cobra expense for medical until plan is established.

Life Insurance/Disability: Life Insurance (1.5X total compensation) and long-term disability insurance will be provided. Plans TBD.

Paid Time Off: Three weeks / year. Holiday schedule and Personal Days TBD.

Starting Date / Timing: April 1, 2013

After much discussion Mike Browne motioned to hire Tim O'Connor and the motion was seconded by Ed Figueroa. The vote was unanimous.

Additionally, Ron requested that the board consider hiring Mark Burrell from WestMark to facilitate an upcoming APEAM / MHAIA strategic planning session in April. Giovanni motioned to hire Mark and the motion was seconded by Adrian. There was no objection.

There being no additional business Ed motioned to adjourn and this motion was seconded by Mike. No objection.

Respectfully Submitted,

Ron Campbell, MHAIA Executive Director

I certify that the above is a true and accurate statement of the February 26, 2013 MHAIA Board of Directors Meeting.

Alfredo Rodriguez, MHAIA Board Secretary