

# HASS AVOCADO BOARD BOARD MEETING MINUTES March 17, 2004

A meeting of the Hass Avocado Board (HAB) was held on Wednesday, March 17, 2004 at the California Avocado Commission (CAC) office in Irvine, California, with the following people present:

## MEMBERS PRESENT

Charley Wolk, Chairman  
Scott McIntyre, Vice Chair  
Robert Bednar, Treasurer  
Alva Snider, Secretary  
George Barnes  
Mark Borchard  
Eric Crawford  
James DeMalo  
Ed Figueroa  
Len Francis  
Jerome Stehly, ex officio

## MEMBERS ABSENT

Jim Finch

## CAC STAFF PRESENT

Mark Affleck  
Tom Bellamore  
Betty Bohrk  
David Cruz  
Bernadine Debnam  
Jan DeLyser  
Angela Fraser  
Laurie Hill  
Dave Howald  
Connie Stukenberg  
Val Weaver  
Guy Witney

## ALTERNATES PRESENT

Giovanni Cavaletto  
Tom Markle  
Robert Perry  
Don Reeder  
Luke Sears  
Donna Singmaster

## ALTERNATES ABSENT

Michael Browne  
Ralph DeLeon  
Bob Flack  
Paul Foley  
Dan McGrath

## OFFICIALLY PRESENT

Anita Alban, Fleishman/Hillard  
Jack Abbott, Interactivate  
Morgan Brown, Interactivate  
Kari Bretschger, IMW  
Irene Cabanas, IMW  
Ralph Dutra, CAC  
Richard Kline, Fleishman/Hillard  
Ethel Mitchell, USDA  
Steven Muro, Fusion  
Marketing  
Kendra Peavy, IMW  
Jamie Sigler, Interactivate

## GUESTS PRESENT

Ron Campbell  
Joe Charest  
Avi Crane  
Ralph Dutra  
Benjamin Grayeb  
J. Jesus Lopez Herrera  
Susan Hobbs  
Paul Izenstark  
Tom Pecht  
Barbara Peirce  
Steve Peirce  
Gwen Peterson  
Jeffrey Shaw  
Ron Snider  
Dana Thomas  
Chris Tully  
Antonio Villasenor, Sr.  
Liz Wilkins

## CALL TO ORDER

HAB Chairman Charley Wolk called the meeting to order at 10:00 a.m. and a quorum was established.

Introductions/Announcements

Chairman Wolk introduced Ron Campbell, Administrator for the Mexican Hass Avocado Importers Association (MHAIA). He thanked Jesus Lopez Herrera and Antonio Villasenor, Sr. from MHAIA for joining the meeting. Wolk also introduced Chris Tully and Jeffrey Shaw, from Preston/Tully Group, the agency hired by MHAIA to design their programs.

Minutes Review/Approval

Chairman Wolk, hearing no corrections, asked that the January 14, 2004 HAB Minutes be approved as submitted.

**MOTION:     *The Hass Avocado Board of Directors approves the Board Minutes from January 14, 2004 as presented. (Snider/Francis) MSC Unanimous***

**ADMINISTRATION**

Customs Report

CAC Vice President of Finance/Administration Val Weaver reported that HAB is receiving Customs reports and money in a timely manner. Weaver pointed out, however, that certain Country of Origin information does not match with avocado importing countries. Staff is trying to resolve the issue quickly since the inaccurate information constitutes approximately 17 million pounds and \$425,000 in HAB assessments for January and February 2004.

Travel Policy

Treasurer Bob Bednar reported the Travel Policy that Board members received prior to the meeting was accepted as presented by the HAB Finance Committee. Weaver suggested sharing the Travel Policy with the other import associations to standardize procedures among those receiving HAB funds. The Board agreed and Chairman Wolk requested that Weaver send the policy to the other avocado associations.

**MOTION:     *The Hass Avocado Board of Directors approves the Travel Policy as presented in Exhibit A. (Bednar/Figueroa) MSC Unanimous***

*The complete HAB Travel & Entertainment Policy is attached to the permanent copy of these Minutes and identified as Exhibit A.*

Investment Policy

Treasurer Bednar reported that the local Agency Investment Fund, suggested by the auditors as an investment source, will not accept funds from a federal organization.

Weaver is currently working on a draft Investment Policy and investigating institutions that are FDIC insured and fully collateralized. The draft proposal will be sent to the Finance Committee and the Board as soon as possible.

## **FINANCE**

### 2004 Financial Update

Weaver reported that Hass volume, for the first four months (November '03-February '04), is below projections by 28.8 million pounds and below Revenue estimates by \$718,000. During that same period Net Revenues increased an additional \$738,000 due to additional assessment revenues from imports not associated with an import association.

Current projection for end-of-year Reserves is set at \$2.4 million, putting the Board up \$800,000 from original budget projections. Part of the discrepancy is due to the issue of Custom's reports.

*The HAB 2003-2004 Financial Overview is attached to the permanent copy of these Minutes and identified as Exhibit B.*

### Budget Amendment

Weaver noted that Budget Amendment #1 had been mailed out to the Board. The amendment entails replacing the estimated Reserve number of \$1.8 million with the actual end-of-year results of \$2,111,983. This number is an increase of \$311,983 and adjusts ending Reserves to \$1.6 million for this year.

**MOTION:     *The Hass Avocado Board of Directors approves Budget Amendment #2, dated March 12, 2004 as presented in Exhibit C. (Bednar/Borchard) MSC Unanimous***

*The complete 2003-2004 HAB Budget Amendment #1 Memorandum and Packet is attached to the permanent copy of these Minutes and identified as Exhibit C, 1-6.*

## **MARKETING**

### Industry Communications Strategy

President Affleck stated that public relations activities were well underway for the year. He then turned the meeting over to Fleishman-Hillard for a full report. Richard Kline and Anita Alban presented the latest information on Super Bowl and Cinco de Mayo consumer public relations efforts.

Fleishman-Hillard reported success during Super Bowl efforts with participation from Houston *Texan's* professional football player, David Carr, in the "Taste of the NFL." A full-page article ran in the *Houston Chronicle* Food Section, as well as product deliveries to television media in Houston, Fresno and Boston. The Super Bowl message was about fun, versatility and directing consumers to the Avocadofan.com website. The David Carr guacamole recipe will also be used during football season this fall.

Jamie Sigler from Interactivate reported 86,000 hits to the Avocadofan.com website. 80% were attributed to a small, premium, key-listing search. "Guacamole," "guacamole recipe," "SB food" and "SB party recipes" were key search terms that pulled up the

Super Bowl site. Cinco de Mayo efforts will include a website with recipes in English and Spanish and will include another paid listing search similar to that used for the Super Bowl promotion.

Anita Alban outlined Cinco de Mayo efforts that will entail marketing guacamole as a “must have” item and a guacamole produced by an all-female mariachi group—*Reyna de los Angeles*. The efforts will focus on general-market women and Hispanic women 18-49 years of age and will include avocado press deliveries to both general and Hispanic markets and an *Associated Press* exclusive recipe, all in conjunction with the Cinco de Mayo website.

Board discussion ensued regarding market choices and overlap with other programs. Efforts will focus on strategic core markets, limited Hispanic markets and key geographic areas. Chairman Wolk mentioned that MHAIA is going to market in New York and Chicago, which will be advantageous for all. The programs of HAB, CAC, and CAIA are working together to strategically overlap without being redundant. Disappointing sales were reported by packers and handlers for Super Bowl this season. Retail promotional confidence was not there due to high prices a month out from Super Bowl. However, it was noted that prices dropped as Super Bowl approached and retailers were requesting avocados.

*The Reyna de los Angeles CD is included with the permanent copy of these Minutes and identified as Exhibit D.*

Steven Muro from Fusion Marketing spoke about the key message delivered to retailers: Hass avocados are available 365 days a year. The HAB retail program will entail an informative brochure for retail events, a HAB powerpoint presentation, POS materials for Cinco de Mayo that support PR Cinco de Mayo efforts, business reviews with retailers, and trade public relations articles in produce publications, including *Produce News*, *The Packer* and *Produce Marketing*.

*The MarCom Presentation is attached to the permanent copy of these Minutes and identified as Exhibit E.*

### **AVOHQ.COM UNVEILING**

CAC President Affleck reviewed the HAB AvoHQ.com strategy with the Board explaining that the program has completed one full cycle. Now that the initial plan has been established and implemented, the next phase of the project will include evaluating results and will include information from MHAIA and CAIA so that marketing efforts are as effective as possible. The Board will receive a package that will reprise the planning platform from a year ago so that discussions can be held at the next HAB meeting. A brief revisit of Cash Flow, the two Marketing Planks and the Three-Phase Process were discussed. In the end, President Affleck said AvoHQ.com will be an active site that is built upon an industry’s need to gather data in the marketplace which strengthen the market and leads to success.

Groups were asked to meet and experience AvoHQ.com.

*The complete HAB 2003-04 MarCom Strategic Plan is attached to the permanent copy of these Minutes and identified as Exhibit F.*

### **ADJOURN FOR LUNCH**

Chairman Wolk adjourned the Board for AvoHQ.com tours and lunch at 11:15 a.m. The Board reconvened at 12:25 p.m.

### **AVOHQ.COM UNVEILING (cont.)**

Affleck continued discussion on implementing AvoHQ.com around the world. Now that the network center is complete, the HAB staff would like to go to the USDA with a \$193,000 plan and budget amendment that would strategically launch the program to industry members around the world. The process that started today with the official launch of AvoHQ.com, will entail developing an instructional CD Rom/DVD, completing a technology and site audit in avocado-producing countries, and framing issues associated with supplier and producer connectivity to AvoHQ.

The next phase would involve outreach to Chile, Mexico and California, then to New Zealand and the Dominican Republic initially via the importers associations.

Board members interested in learning more about the AvoHQ Network Marketing Center can visit over the next few months. Board approval is needed to move forward with the launch of the technical outreach plan.

**MOTION:**     ***The Hass Avocado Board of Directors approves the submission of a Plan and Budget Amendment #1 of \$193,000 for the next phase of the Network Marketing Center / AvoHQ.com launch, and to complete in-country technical audits in Mexico, Chile, New Zealand and the Dominican Republic. (McIntyre/Bednar) MSC Unanimous***

### **Market Resource Update**

Chairman Wolk updated the Board how much money is going back into the industry from the various associations. CAC is spending over 100% of its rebate in the market while Chile and Mexico together are creating a \$1.2 million reserve. This means that the \$1.2 million is not being spent in the market. HAB staff is working to create a report that includes information from all avocado associations.

### **ISSUES**

#### **Litigation Update**

CAC Senior Vice President Bellamore reminded the Board final briefs were due in *Avocados Plus v. Veneman* by March 23, 2004 and that he plans to attend the oral argument, scheduled for May 13, 2004 at the U.S. District Court of Appeals for the District of Columbia.

#### **Draft Federal Quality Marketing Order**

As reported in November, HAB has continued exploratory analysis of steps to put a

Federal Hass Avocado Marketing Order in place to create quality standards. Bellamore cautioned the Board that antitrust issues may thwart the development of informal quality guidelines, discussed previously by the Board. If the Board wants to move forward, the best option is to pursue a Federal Marketing Order for grades and standards.

Board discussion ensued regarding next steps and establishing quality provisions versus uniformity control. It was made clear that standards would have to take each issue, such as dry weight matter and size, separately. The Board agreed to exercise leadership in this role.

Affleck stated the next step will be to create a task force to help with this process. Volunteers include Mark Borchard, Ron Campbell, Eric Crawford, Ed Figueroa, Len Francis, Luke Sears, and Dana Thomas.

**MOTION:**     *The Hass Avocado Board of Directors directs staff to pursue the action steps necessary to create a Federal Marketing Order to set both grades and standards for Hass and Hass-like avocados. (Figueroa/Snider) MSC Unanimous*

**NEW BUSINESS**

Bellamore advised the Board that the Secretary of Agriculture has authority to impose a late charge on past due assessments. To ensure that HAB has a mechanism in place to implement this authority, Bellamore recommended development of a HAB policy on the matter.

**MOTION:**     *The Hass Avocado Board of Directors directs staff to work with USDA to formulate a policy on penalties levied on past due assessments. (Bednar/Singmaster) MSC Unanimous*

**ADJOURNMENT**

Chairman Wolk adjourned the HAB meeting at 1:25 p.m. The next meeting will be held on Wednesday, June 16, 2004.

Respectfully submitted,

---

Kendra Peavy

I certify that the above is a true and accurate statement of the March 17, 2004 Minutes approved by the HAB Board of Directors on Thursday, June 16, 2004.

---

Alva Snider, HAB Board Secretary