

HASS AVOCADO BOARD

BOARD MEETING MINUTES

A meeting of the Hass Avocado Board (HAB) was held on Thursday, April 8, 2010 at 230 Commerce, Ste. 190, Irvine, California, with the following people in attendance:

MEMBERS PRESENT

Jim Donovan
Ben R. Drake
Ed Figueroa
Barry London
Charley Wolk
Don Reeder
Jamie Johnson
Ohannes Karaoghlanian

MEMBERS ABSENT

Giovanni Cavaletto
Jimmy Lotufo
John Lindstrom
Ken Roth
Ex Officio Mike Browne

STAFF PRESENT

José Luis Obregón
Robert Rumph
Yvonne Seebach

ALTERNATES PRESENT

Alvin Gebhart
Casimir Wytaniec
Daniel Sanders
Ed Embly
Emily Greenberg
Katie Wild
Scott Bauwens
Tom Sowden

ALTERNATES ABSENT

Hugo Gonzalez
Pilar Charrada

OFFICIALLY PRESENT

Maureen Pello, USDA
Tom O'Brien, Counsel
Hoy Carman
Matt Lenton

GUESTS PRESENT

Angelina Downing
Angie Hansen
Cindy Lee
Diane Dreyer
Gwen Peterson
Jan DeLyser
Jennifer Baker-Asiddao
Jim McCormac
Karen Gorrell
Kim Kurata
Marji Morrow
Nora London
Sandra Wellhausen
Sarah Williams
Steven Muro
Tom Bellamore

CALL TO ORDER- Jim Donovan, Chairman

Hass Avocado Board (HAB) Chairman Jim Donovan called the meeting to order at 10:03 am.

Establish Quorum

Mr. Donovan proceeded with roll call and established a quorum.

He pointed out the Elena Garcia is no longer working for an importing company and has resigned as an alternate.

Approve January Minutes

No corrections or amendments were made to the January 28, 2010 Board meeting Minutes.

MOTION: *The Hass Avocado Board of Directors approves the January 28, 2010 Minutes as presented. (Drake/Reeder) MSC*

Mr. Donovan introduced HAB Secretary Ed Figueroa who directed the Board to an addendum sheet in their packets that summarized the Board closed meeting session at the January 28 meeting. He asked for a motion to approve the minutes.

MOTION: *The Hass Avocado Board of Directors approves January 28, 2010 closed session minutes. (Drake/London) MSC*

FINANCIAL REPORT – Rumph

A. Financial Statement Audit Report

HAB Controller/Financial Manager Robert Rumph introduced Matt Lenton, from accounting firm Mayer Hoffman McCann, who gave a 2009 Audit Report summary presentation.

The Hass Avocado Board Results of Annual Audit-Year Ended December 31, 2009 is attached to the permanent copy of these Minutes and identified as Exhibit A.

The Hass Avocado Board Basic Financial Statements, Year Ended December 31, 2009 is attached to the permanent copy of these Minutes and identified as Exhibit B.

MOTION: ***The Hass Avocado Board of Directors accepts the Independent Auditors Report-Basic Financial Statements year ended December 31, 2009 from Mayer Hoffman McCann as presented. (Karaoghlanian/Drake) MSC***

A discussion ensued regarding the process in which HAB received the assessments collected by U.S. Customs. Mr. Donovan directed HAB staff to evaluate and clarify the current USDA-Customs payment to HAB and report their findings to the Board at the June meeting.

A dialogue began about a Finance Committee discussion regarding the difficulty of verifying or auditing importers who submit an organic exemption claim, referring to one importer who had exemptions in 2009 totaling approximately \$75,000.

The Finance Committee made a recommendation to expand importer verification capabilities so importers claiming organic exemption can be audited. This discussion was followed by a motion.

MOTION: ***The Hass Avocado Board of Directors approves increasing the scope of the ongoing Handler Audit to include an audit of any importer who took an organic exemption in 2009. (Wolk/Figueroa) MSC***

B. 2009 Financial Update

I. 2 Months Ending February 2010 - Estimated

- HAB Revenues = \$4.86 MM dollars --- down \$0.03 MM from the \$4.89 MM estimate.
- HAB Net Revenues = \$1.06 MM dollars --- down \$0.01 MM from the \$1.067 MM estimate.
- HAB Reserves as of 2/28/10 = \$3.26 MM up 0.47 MM from the \$2.79 MM December 2009 ending amount.

II. Schedule of Cash & Investments as of February 28, 2010

- a) Cash in Bank – Checking Account = \$252,343
- b) Investments = \$2,646,228
- c) TOTAL CASH & INVESTMENTS = \$2,898,571

III. Statement of Net Assets, Revenue & Expenditures as of February 28, 2010 - Estimated

- a) Total Assets = \$5,310,024
- b) Total Liabilities = \$2,045,741
- c) Total Net Assets = \$3,264,283
- d) Total Revenues = \$4,863,584
- e) Total Expenditures = \$4,392,243
- f) Excess of Revenues Over (Under) Expenditures = \$471,341

C. Policies and Procedures Manual

Mr. Rumph continued his financial report by directing members to manual in their packets. Finance Committee members indicated that it had been carefully read and reviewed and then provided their recommendation to the Board to pass a motion for approval.

MOTION: *The Hass Avocado Board approves the Accounting and Internal Controls Policies and Procedures as presented. (Drake/Reeder)MSC*

A discussion began about the cost of using the current payroll system provider for only three employees. Mr. Donovan directed HAB staff to begin a process to obtain bids from other payroll services in order to have an accurate comparison and evaluation with the current costs and processes, and to include the option of doing payroll in-house.

CHAIRMAN’S REPORT – Donovan

Committee Appointments

Mr. Donovan explained the process he went through to obtain committee volunteers, and having members vote for the motion via email. He went on to say that the Finance, Marketing and Nutrition Committees had been approved by Board members and provided a brief review of committee members.

Rulemaking

Mr. Donovan addressed this issue with a proposal that the Rulemaking discussion be tabled until the June meeting in order for HAB staff to research and study the cost and general benefits to HAB. There were no objections and the Rulemaking agenda item was tabled until June.

HAB Organizational Structure Evaluation

Mr. Donovan provided a brief update on the status of the January 28, 2010 closed session meeting discussion about the HAB Organizational Structure. He mentioned that it might be divided in two projects: an operations manual, that would be developed by staff and a compensation evaluation that would be handled by the Executive Committee. He indicated that he would give a report at the June meeting.

COMMITTEE REPORTS

Marketing-Cavaletto

Due to committee chair Giovanni Cavaletto’s absence, Mr. Obregon provided a summary of the March 24 marketing committee meeting. He affirmed that there was buy-in for sharing of information on the part of all associations and each one showed interest in participating in a joint program for 2010.

The committee also discussed a Crisis Communications plan implementation. Mr. Figueroa suggested that the committee consider inviting the marketing directors from APEAM and Comite de Paltas to be involved in the crisis communication plan. Mr. Obregon assured him that they would play a part in the process.

Lastly, Mr. Obregon provided an update about the American Dietetic Association Expo, November 7-9 in Boston and spoke about HAB’s participation in conjunction with MHAIA, CAIA and CAC.

Nutrition –Wolk

Mr. Wolk provided a history of the current nutritional focus, how Foodminds was selected and hired, and what the process has been with developing the three pillars concept for the proposed research plan; heart, obesity, general health.

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He pointed out that various members of the committee participated in researcher interviews with; Dr. Penny Kris-Etherton internationally known for Cardiac Research; Dr. Joan Sabate, Professor and Chair, Department of Nutrition, Loma Linda University, and Dr Steven Schwartz, Endowed Chair, Food Science and Technology Director, Ohio State University.

Mr. Wolk affirmed his confidence in the value HAB is receiving on their research investment dollars by hiring Foodminds and that this enterprise will provide countless future marketing and cross-promotional possibilities.

Mr. Wolk indicated that their goal is to present the research proposals at the June Board meeting. Mr. Donovan thanked the committee for presenting the update and information about current and next steps.

ASSESSMENT RATE ANALYSIS – Dr. Hoy Carman, UC Davis

Mr. Obregon introduced Dr. Carman, Professor Emeritus of Agricultural Economics from UC Davis, who proceeded with his presentation entitled “Hass Avocado Price Projections For Alternative Promotion Assessments, Crop Sizes and Time Periods”.

The Hass Avocado Price Projections For Alternative Promotion Assessments, Crop Sizes and Time Periods is attached to the permanent copy of these Minutes and identified as Exhibit C.

ADJOURN FOR LUNCH-Chairman Donovan adjourned the meeting for lunch at 12:40 pm.

RECONVENE-The Chairman reconvened the meeting at 1:25 pm

MANAGING DIRECTOR’S REPORT – Obregón

Election Process/Schedule

Mr. Obregon directed members to the Election Timetable in their packets, pointing out the open seats and indicated that the election is already in process with the nomination announcements scheduled to be mailed on April 16.

Big Game Report

Mr. Obregon gave a Media Presentation that provided a summary and results of Big Game/Super Bowl promotional activities.

Fall Sports Entertaining Additional Activities

Mr. Obregon introduced a proposed additional joint Fall Sports Program: “Kick if Off”. He explained that the goal of the program is to create integrated marketing programs during the key supply periods and that it augments HAB’s current efforts by adding a consumer advertising component on Fox Sports Network to the current Fall Sports Entertaining program. He said the concept was well received by the Marketing Committee and that the funding was discussed by the Finance Committee, who would be making a recommendation to the Board for approval of the additional \$1.0 Million investment.

**MOTION: *The Hass Avocado Board of Directors approves a budget amendment to grant an additional \$1.0 million to supplement the fall marketing programs.
(London/Figueroa)MSC***

Tracking Studies - Top Line Presentation

Mr. Obregon proceed to review the materials sent for the Board meeting from Ken Roberts of Cooper Roberts Research, highlighting the topics of Avocado Purchasing, Hass Avocados, Growing Regions, Nutrition and Hispanic vs. General Sample.

The Avocado Tracking Study, Spring 2010, Hass Avocado Board Executive Summary is attached to the permanent copy of these Minutes and identified as Exhibit D.

NEW BUSINESS

Mr. Donovan said there is a proposed date change for the November Board meeting- From 11th to 17th. Email will be sent out to confirm.

Mr. Donovan told the group about an all-association meeting (including APEAM and Comite de Paltas) for Chair's and Vice Chairs scheduled for April 19 in Oxnard. The meeting's primary focus is to increase communication and encourage data and statistics sharing.

PUBLIC COMMENT

There were no public comments,

ADJOURN

Chairman Donovan adjourned the meeting at 2:13 p.m. The next meeting will be held on Thursday, June 24, 2010.

Respectfully submitted,

Yvonne Seebach

I certify that the above is a true and accurate statement of the April 8, 2010 Minutes approved by the HAB Board of Directors on _____

Ed Figueroa, Hass Avocado Board Secretary