

HASS AVOCADO BOARD
BOARD MEETING MINUTES

A meeting of the Hass Avocado Board (HAB) was held on Wednesday, November 17, 2010
At 230 Commerce, Ste. 190, Irvine, California, with the following people in attendance:

MEMBERS

Jim Donovan
Giovanni Cavaletto
Ken Roth
Jamie Johnson
Ohannes Karaoghlanian
John Lindstrom
Jimmy Lotufo
Casimir Wytaniec
Mike Sanders
Reuben Hofshi
Araceli Zanabria

MEMBERS ABSENT

Barry London

ALTERNATES

Ed Embly
Katie Wild
Scott Bauwens
Tom Sowden
Emily Greenberg
Donna Singmaster
Bob Schaar
Ramiro Ortega

OFFICIALLY PRESENT

Maureen Pello, USDA
Tom O'Brien (via Teleconference)

STAFF

José Luis Obregón
Robert Rumph
Yvonne Seebach

GUESTS

Angelina McClellan
Dave Howald
Jennifer Baker-Asiddao
Marji Morrow
Tom Bellamore
James McCormac
Ken Roberts
Jan Delyser
Diane Dreyer
Steven Muro
Charley Wolk
Kristina Wytaniec
Saad Khan

CALL TO ORDER – Maureen Pello USDA/AMS Presiding

Announce Appointments, Introduction & Seating of New Board Members & Alternates

Ms. Pello, USDA, Agricultural Marketing Services, introduced herself to the group then announced and seated the new members and alternates: Mike Sanders, Producer/Member, Reuben Hofshi, Producer/Member, Bob Schaar, Producer/Alternate, Donna Singmaster, Producer/Alternate, Araceli Zanabria Importer/Member, Ramiro Ortega, Importer/Alternate.

She went on to say that the Secretary of Agriculture will be sending welcome letters and certificates the new Members and Alternates.

Roll Call New Board – Establish Quorum

Ms. Pello proceeded with roll call and confirmed that a quorum was established.

Board Officer Nominations & Voting Procedure Instructions

Ms. Pello presented a brief review Officers Duties according to the HAB Bylaws prior to the nominations of the Officers and vote.

The complete attachment Officer of the Board – Chairperson, Vice-Chairperson, Treasurer and Secretary and Board Member – Functions & Responsibilities is attached to the permanent copy of these Minutes and identified as Exhibit A.

Nominations and Election of Chairperson

Ms. Pello opened with the election of the Chairman. She stated that Jim Donovan had indicated interest in the Chairmanship and asked if there was any other interest or nominations. As there were no responses, the nominations were closed.

MOTION: ***The Hass Avocado Board of Directors agreed to close the nominations and cast a unanimous vote for Jim Donovan, as Chairman of the Board for 2010-2011. (Lindstrom/Cavaletto) MSC***

CHAIRPERSON TAKES GAVEL AND PRESIDES

Nomination and Election of the Vice-Chair

Mr. Donovan stated that Ken Roth had expressed interest in the Vice-Chair position and asked if there was any other interest or nominations. As there were no responses, the nominations were closed.

MOTION: ***The Hass Avocado Board of Directors agreed to close the nominations and cast a unanimous decision for Ken Roth as Vice-Chairman of the Board for 2010-2011. (Lindstrom/Cavaletto) MSC***

Nomination and Election of the Secretary

Mr. Donovan stated that Giovanni Cavaletto had expressed interest in the Secretary position and asked if there was any other interest or nominations. As there were no responses, the nominations were closed.

MOTION: ***The Hass Avocado Board of Directors agreed to close the nominations and cast a unanimous decision for Giovanni Cavaletto as Secretary of the Board for 2010-2011. (Lotufo/Roth) MSC***

Nomination and Election of the Treasurer

Mr. Donovan stated that Jimmy Lotufo had expressed interest in the Treasurer position and asked if there was any other interest or nominations. As there were no responses, the nominations were closed.

MOTION: ***The Hass Avocado Board of Directors agreed to close the nominations and cast a unanimous decision for Jimmy Lotufo, as Treasurer of the Board for 2010-2011. (Karaoghlanian/Lindstrom)MSC***

Approve September Minutes

No corrections or amendments were made to the September 23, 2010 Board meeting minutes.

MOTION: ***The Hass Avocado Board of Directors approves the September 23, 2010 Minutes as presented. (Karaoghlanian/Lotufo) MSC***

Fill Vacancies

Hass Avocado Board Managing Director Jose Luis Obregon informed the board that Importer Alternate Hugo Gonzales had resigned because he was no longer importing avocados. He added that some of those who had put their names forward for the other three board vacancies had also withdrawn. He went on to say that Gahl Crane has indicated interest in filling an importer alternate seat. Following some discussion, the Board concurred that with so many open vacancies, Mr. Obregon would have to send notices to inform Producers and Importers of the openings in order to recruit candidates for consideration at the January meeting.

NEW MEMBER ORIENTATION – Maureen Pello USDA/AMS

Ms. Pello provided an introduction and overview to new members with regard to USDA and AMS history, oversight and research and promotion programs.

The Avocado Orientation presentation is attached to the permanent copy of these Minutes and is identified as Exhibit B.

ADMINISTRATION / FINANCE – Rumph/ Lotufo

Corporate Insurance Coverage Update

Mr. Rumph began with a brief comment about the decision to increase repatriation insurance coverage at a cost of \$100.00 per year.

He continued by reviewing the motion from the September meeting about implementing Kidnap and ransom insurance for HAB staff and Board when travelling abroad. He added that the Finance Committee decided to recommend approval at a cost of \$3225.00 for three years of coverage.

MOTION: *The Hass Avocado Board of Directors approves adding Kidnap and Ransom insurance coverage at the cost of \$3,225 for 3 years. (Lotufo/Lindstrom) MSC*

FINANCIAL REPORT

Hass Avocado Board Controller/Financial Manager Robert Rumph provided a brief summary of Year-to-Date September 2010 financials.

9 Months Ending September 2010 - Estimated

- Hass Projected YTD Volume = 994.4 MM lbs. --- down 52.3 MM lbs from the 1,046.7 MM lb. estimate.
- HAB Revenues = \$24.6 MM dollars --- down \$1.9 MM from the \$26.5 MM estimate.
- HAB Net Revenues = \$5.0 MM dollars --- equal to the \$5.0 MM estimate.
- HAB Reserves as of 9/30/10 = \$2.6 MM down 0.19 MM from the \$2.79 MM December 2009 ending amount.

Schedule of Cash & Investments as of September 30, 2010

- Cash in Bank – Checking Account = \$307,230
- Investments = \$3,048,706
- TOTAL CASH & INVESTMENTS = \$3,355,936

Statement of Net Assets, Revenue & Expenditures as of September 30, 2010 - Estimated

- Total Assets = \$5,787,366
- Total Liabilities = \$3,203,888
- Total Net Assets = \$2,583,478
- Total Revenues = \$24,647,039
- Total Expenditures = \$24,856,503
- Excess of Revenues Over (Under) Expenditures = (\$209,464)

USDA/AMS Administration Cost Review - Trip Report

Each year the HAB Treasurer and Staff meet with the USDA in Washington, D.C to review AMS oversight and administrative charges to HAB. Mr. Rumph provided a summary of the USDA cost review that he and Treasurer Jimmy Lotufo attended in October, during which they analyzed and validated the USDA charges and found them to be acceptable. The full report is available and will be sent it to those who contact Mr. Rumph to request it.

The complete attachment Summary of USDA/AMS Administration and Supervisory Cost Review is attached to the permanent copy of these Minutes and identified as Exhibit C.

Mr. Lotufo went on to address a topic of discussion that was that took place in the Finance Committee meeting regarding the validity of having the HAB check register sent to member via email each month. It was agreed that this was not necessary given the financial policies and structures that are currently in place.

MOTION: *The Hass Avocado directs staff to discontinue the monthly distribution of the Cash Disbursement journal. (Lotufo/Roth) MSC*

MANAGING DIRECTOR'S REPORT – Obregon

Mr. Obregon welcomed the new members and introduced the various marketing, PR, and data agencies, the representative in attendance, along with their respective functions.

Fall Joint Promotions Update

Mr. Obregon provided an overview and presentation of the Fall College Football Tailgating events.

ADA and PMA Report

American Dietetic Association Food and Nutrition Expo and Conference, Boston, MA Nov 6-9, 2010

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Mr. Obregon gave showed photos and provided an overview and summary of HAB involvement and events at the conference. He asked Nutrition Research Committee Chairman, Charley Wolk, to share his experience participating in the booth. Mr. Wolk expressed that he was extremely pleased that all MHAIA, CAIA and CAC all participated in with HAB in this endeavor.

He also stated that impressed with the influence and reputation that FoodMinds has in the food and nutrition industry and that we are fortunate to be associated with them.

Mr. Obregon went on to thank all who had participated in making this a successful event for HAB.

The Handout American Dietetic Association Food and Nutrition Expo and Reception 2010 is attached to the permanent copy of these Minutes.

Produce Marketing Association, Fresh Summit, Orlando FL, October 16-18, 2010

Although HAB doesn't have a booth at this event, Mr. Obregon indicated that it is a prime networking opportunity. He went on to say he was invited to an APEAM meeting and was able to address their members with regard to HAB's industry involvement.

Nutrition Research Joint Funding Initiative

Mr. Obregon provided background on the Nutrition Research program and a review/update of a discussion and subsequent direction from the Board at the September 23 board meeting, for him to continue conversations with the Australian government and industry stakeholders about matching research funding.

He went on to display a "Joint Nutrition Research Funding Flow Chart" which presented the process to obtain the funding. He asked for a decision about this initiative because the Australians will be reviewing these requests at a meeting in the coming weeks. Board member, Ohannes Karaoghlanian, who had previously participated in a meeting with the Australian group, said he's supportive of the program and recommends it.

Mr. Wolk agreed and proposed moving forward with this partnership.

MOTION: The Hass Avocado Board approves moving forward with the Nutrition Research Joint Funding Initiative. (Karaoghlanian/Lotufo) MSC

The complete attachment Joint Nutrition Research Funding Flow Charts is attached to the permanent copy if these minutes and identified as Exhibit D.

Building Signage

Mr. Obregon then presented a CAD drawing of the proposed signage on the HAB office building. Members agreed that it a valuable undertaking and directed HAB staff to move forward. As it was already in the budget, no further funding approval was required.

The handout of the proposed Hass Avocado Board front elevation building signage is attached to the permanent copy if these minutes.

Fall Tracking Study Report- Ken Roberts

The complete attachment of the Avocado Tracking Study, Fall 2010 by Ken Roberts of Cooper Roberts Research is attached to the permanent copy of these Minutes and identified as Exhibit E.

LUNCH 11:50 am

RECONVENE 12:35 pm

CHAIRMAN'S REPORT

HAB Bylaws Review

Mr. Donovan opened the meeting for dialogue and review of the proposed bylaws amendments. Following brief discussion members agreed that the changes were necessary and beneficial and voted to submit to USDA for review and approval.

MOTION: *The Hass Avocado Board approves the proposed bylaw changes to the Hass Avocado Board Bylaws as presented. (Karaoghlanian/Lindstrom) MSC*

HAB Organizational Structure/ Compensation Report

Mr. Donovan proceeded by requesting that HAB staff leave the room while Barry Newton of Creative Managements Solutions presented his Staffing and Compensation Report to the board.

The Hass Avocado Board held an executive session beginning at 12:50 pm on Nov 17. Barry Newton from Creative Management Solutions gave the board a presentation of his compensation analysis done on behalf of the board.

Mr. Newton's analysis analyzed compensation from a number of different vantage points. Some data that they took into consideration included other USDA marketing programs, geography, industry, and size. They used 5 different compensation surveys as well.

Mr. Newton recommended three actions to the board:

- Approve new job descriptions and compensation levels
- Approve a life insurance policy, equal to one year's salary for employees.
- Approve new performance appraisal guidelines.

Following board discussion, the following three motions were made.

MOTION: *The Hass Avocado Board accepts and approves the recommendations in the Staffing and Compensation Report for new staff job descriptions and compensation levels for HAB employees, as presented. (Cavaletto/Lotufo) MSC*

MOTION: *The Hass Avocado Board asks Mr. Barry Newton of Creative Management Solutions to develop a device to determine performance appraisal guidelines for the all employees. (Roth/Lotufo) MSC*

MOTION: *The Hass Avocado Board directs staff to obtain a bid on term life insurance for HAB employees from current insurance providers Brown and Brown. (Cavaletto/Johnson) MSC*

NEW BUSINESS

In new business, Chairman Donovan announced that Bob Keeney from USDA would hold a meeting at the HAB office Irvine on November 19 to discuss the avocado programs.

PUBLIC COMMENT

There was no public comment

ADJOURN

Mr. Donovan adjourned the meeting at 1:45 pm
The next meeting will be held Thursday, January 13, 2011.

Respectfully submitted,

Yvonne Seebach

I certify that the above is a true and accurate statement of the November 17, 2010 Minutes approved by the HAB Board of Directors on _____

Hass Avocado Board Secretary