

HASS AVOCADO BOARD

BOARD MEETING MINUTES

A meeting of the Hass Avocado Board (HAB) was held on Thursday, January 28, 2010 at 230 Commerce, Ste. 190, Irvine, California, with the following people in attendance:

MEMBERS PRESENT

Jim Donovan
Don Reeder
Giovanni Cavaletto
Ben R. Drake
Charley Wolk
Jimmy Lotufo
Ken Roth
John Lindstrom
Ohannes Karaoghlanian
Ed Figueroa
Barry London, (Via conference call)

MEMBERS ABSENT

Jamie Johnson
Mike Browne, MHAIA, Ex-Officio

STAFF PRESENT

José Luis Obregón
Yvonne Seebach
Robert Rumph

ALTERNATES PRESENT

Alvin Gebhart
Casimir Wytaniec
Daniel Sanders
Ed Embly
Katie Wild
Tom Sowden
Hugo Gonzalez
Emily Greenberg

ALTERNATES ABSENT

Scott Bauwens
Pilar Charrada
Elena Garcia

OFFICIALLY PRESENT

Maureen Pello, USDA
Tom O'Brien, Counsel (Via conference call)

GUESTS PRESENT

Alex Thai
Angela Fraser
Angelina Downing
Aria Lukman
Dave Cruz
Dave Howald
Diane Dreyer
Jackie Bohmer
James McCormac
Jennifer Baker-Asiddao
Joe Charest
Julie Schumacher
Karen Gorrell
Kim Kurata
Len Francis
Marji Morrow
Ron Campbell
Sarah Williams
Steven Muro
Tom Bellamore
Xavier Equihua

CALL TO ORDER- Len Francis, Maureen Pello, USDA/AMS

The outgoing Hass Avocado Board (HAB) Chair Len Francis called the meeting to order at 9:00 am. USDA Representative, Maureen Pello opened the meeting by thanking outgoing Board members for their service: Tom Markle, Avi Crane, Galen Newhouse, Mike Parr, Nilda Mesistrano-Hyde, and Len Francis.

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

Ms. Pello apologized on behalf of the USDA for the delay in appointments and proceeded to announce and seat the new members and alternates: John Lindstrom, Producer/Member, Jamie Johnson, Producer/Member, Scott Bauwens, Importer/Alternate, Tom Sowden, Producer/ Alternate, Emily Greenberg, Producer/ Alternate, Jimmy Lotufo Importer/Member, Hugo Gonzalez Importer/Alternate, Barry London, Importer/Member.

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

Instruction to the Board on Nominations, Voting and Officers Duties

Ms. Pello read the Officers Duties according to the HAB Bylaws before proceeding with the nominations of the Officers.

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

Mr. Francis opened the election of the Chairman. He stated that Jim Donovan and Ben Drake had indicated interest in the Chairmanship and asked if there was any other interest or nominations. The nominations were closed. He then asked Mr. Drake and Mr. Donovan to provide their statements to the group.

The members requested that the vote be taken by closed ballot. Ms. Pello confirmed that all votes must be cast *in person*, at an assembled meeting.

Ballots were distributed, then collected and counted. Ms. Pello announced eleven votes were cast with three votes for Ben Drake and eight votes for Jim Donovan.

The Hass Avocado Board of Directors elects Jim Donovan as Chairman of the Board for 2009-10.

Chairperson takes gavel and presides

Chairman Jim Donovan thanked the Board for their vote of confidence and mentioned it was an honor to be elected.

Nomination and Election of the Vice-Chairperson

Mr. Francis indicated that Jimmy Lotufo had expressed interest in the Vice-Chair position. Ohannes Karaoghlanian nominated Ben Drake as Vice-Chair. Mr. Lotufo asked that his name be withdrawn as his interest had actually been for the Treasurer position. Mr. Donovan accepted his withdrawal and no other names were submitted.

MOTION: ***The Hass Avocado Board of Directors agreed to close the nominations and cast a unanimous decision for Ben Drake as Vice-Chairman of the Board for 2009-2010. (Wolk/Karaoghlanian) MSC***

Nomination and Election of the Secretary

Mr. Francis indicated that Ed Figueroa had expressed interest in the Secretary position. No other names were submitted.

MOTION ***The Hass Avocado Board of Directors agreed to close the nominations and cast a unanimous decision for Ed Figueroa as Secretary of the Board for 2009-2010. (Drake/Wolk) MSC***

Nomination and Election of the Treasurer

Mr. Francis indicated that Jimmy Lotufo and Giovanni Cavaletto had expressed interest in the Treasurer position. No other names were submitted. Mr. Donovan asked Mr. Lotufo and Mr. Cavaletto to provide their statements to the group.

The members requested that the vote be taken by closed ballot. Ballots were distributed, then collected and counted. Ms. Pello announced that eleven votes were cast with six for Jimmy Lotufo and five votes for Giovanni Cavaletto.

The Hass Avocado Board of Directors elects Jimmy Lotufo as Treasurer of the Board for 2009-10.

October Minutes Approval

No corrections or amendments were made to the October 1, 2009 Minutes.

MOTION: *The Hass Avocado Board of Directors approves the October 1, 2009 Minutes as presented. (Drake/Figueroa) MSC*

Announcements

There were no announcements.

Committee Appointments

Mr. Donovan said that he will contact members via email within the next 7-10 days for nominations, and voting on the Finance, Marketing, Nutrition, and (new) Bylaws committee, so that committees can be immediately formed and operational and not have to wait until the April meeting.

NEW MEMBER ORIENTATION– Maureen Pello USDA/AMS

Ms. Pello provided an introduction and overview of the USDA and AMS and its various Research and Promotion Programs.

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

Ms. Pello and HAB Managing Director Jose Luis Obregon requested that all new members sign and send into the HAB office, two documents contained in the Rules and Regulations binder that they were given; Page 37, "Code of Conduct and Ethics, Acknowledgement of Receipt"; Page 41, "Fraud Policy, Acknowledgement of Receipt".

FINANCIAL REPORT

A. 2009 Financial Update

I. 12 Months Ending December 2009 - Unaudited Results

- Hass Projected Volume = 1.074 Billion lbs. --- up 20.2MM lbs from the 1.052 Billion lb. estimate.
- HAB Revenues = \$26.9 MM dollars --- up \$0.6 MM from the \$26.3 MM estimate.
- HAB Net Revenues = \$5.7 MM dollars --- up \$0.5 MM from the \$5.2 MM estimate.
- HAB Reserves as of 12/31/09 = \$2.79 MM up 0.9 MM from the \$1.89 MM estimate.

II. U. S. Aggregate Volume by Month

CY 2009:

The U.S. aggregate volume outlook for CY 2009 for all varieties has been updated to reflect import data received from Customs through December 2009 and projections from CAC through December 2009.

- U.S. aggregate volume of all varieties in the domestic market place is tracking at 1.13 Billion lbs. for the 12-month time period.

III. Schedule of Cash & Investments as of December 31, 2009

- a) Cash in Bank – Checking Account = \$39,551
- b) Investments = \$2,695,559

c) TOTAL CASH & INVESTMENTS = \$2,735,110

IV. Statement of Net Assets, Revenue & Expenditures as of December 31, 2009 - Unaudited

- a) Total Assets = \$4,947,257
- b) Total Liabilities = \$2,165,298
- c) Total Net Assets = \$2,793,957
- d) Total Revenues = \$26,943,479
- e) Total Expenditures = \$27,875,755
- f) Excess of Revenues Over (Under) Expenditures = \$(932,276)

C. 2010 Financial Update

Hass volume projections for CY 2010 are 1.357 Billion lbs., which is down from the October 2009 projection by 5.8 million lbs.

Aggregate volume for CY 2010 in the U.S. is estimated at 1.454 Billion lbs.

D. Relocation Budget Summary

Please refer to the attached schedule summarizing the costs of HAB's relocation the fourth quarter of 2009.

E. Audit Update and AUP Selection

Fieldwork for the CY 2009 Audit will commence on February 15, 2010.

As part of the Agreed Upon Procedures (AUP) that is done annually, the Committee must choose an area for HAB's independent auditors to do extra review as was done for Travel & Entertainment in CY 2008. Attached for your review is the List of Processes to make a selection for CY 2009.

Mr. Rumph presented a recommendation from the finance committee for the Board to accept the Agreed-upon-Procedures for 2009 to audit cash receipts, assessment collections and the recording of rebate disbursements to member Associations.

MOTION: The Hass Avocado Board approves a motion to accept the proposed Agreed-upon-Procedures to audit the cash receipts, assessment collections and the recording of rebate disbursements to member Associations during 2009. (Roth/Drake) MSC

F. USDA/AMS Administration & Supervisory Cost Review

Each year the HAB Treasurer and Staff meet with the USDA in Washington, D.C to review AMS charges to HAB for oversight and administration. Please review the attached report from the visit in October 2009.

Mr. Rumph summarized the USDA cost review that he, Treasurer Don Reeder, and Mr. Obregon attended in October, during which the costs that are charged to HAB are validated.

G. USDA Management Review

Every 3 years USDA/AMS conducts a management review of all research and promotion boards. In October 2009, USDA and AMS staff conducted a review of HAB.

Ms. Pello summarized the review and their findings, elaborating on two recommendations that required HAB to engage in informal USDA rulemaking process; first is that "interest and penalties on last assessments be specified in the Order's regulations, and second that the HAB nomination procedures need to be added to the Order's regulations.

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Mr. Wolk stated that he respectfully disagreed with the proposed rulemaking recommendations under the USDA/AMS "Summary of Findings" (page 55). He added that going to "Rulemaking" incurs costs to HAB and is not necessary as the Order clearly states that the Board is empowered to create rules and regulations

Mr. Donovan recommended that HAB staff work with General Counsel Tom O'Brien to do further research on the USDA rulemaking recommendations.

NUTRITION RESEARCH STRATEGY PRESENTATION – Obregon/FoodMinds LLC

Mr. Obregon provided an historical context on HAB's Nutrition Research progression. Last year, following discussion with the Executive Committee, HAB's Nutrition committee conducted a search for an agency with the sole responsibility of the strategic management and implementation of its nutrition program and after interviewing four agencies, engaged with FoodMinds.

Mr. Obregon introduced FoodMinds co-founder Laura Cubillos, and Research Manager Mark Dreher, to present the HAB Nutrition Strategy. Ms. Cubillos and Dr. Dreher gave an overview of FoodMinds, their backgrounds, the FoodMinds team, and its focus on science, communication and nutritional affairs.

Ms. Cubillos proceeded with a presentation and outline of their research objectives and the HAB draft plan. Mr. Dreher provided an update of the existing process and their current direction.

The Nutrition Research Plan presentation is attached to the permanent copy of these Minutes and identified as Exhibit B.

MANAGING DIRECTOR'S REPORT – Obregon

Mr. Obregon opened by introducing the various Marketing/Public Relations agencies who currently are contracted by HAB, and their representatives who were present. He proceeded with brief descriptions of the work each agency does for HAB.

National Nutrition Month, In-store radio

Mr. Obregon gave an in-store advertising proposal presentation (included in the Board packet) during National Nutrition Month (March) for Board members to consider for funding approval in the amount of \$120,000. Following a discussion about budget reserves, number of spots and other specifics, a motion was made.

MOTION: The Hass Avocado Board approves a budget amendment of \$120,000 for a national in store radio promotion. (Cavaletto/Reeder) MSC

Hass Consumer Logo Redesign

Mr. Obregon then asked the Board to consider a budget amendment of \$30,000 to fund the development of a new version of the HAB consumer logo. Diane Dreyer from Dentsu indicated that it would take 6-8 weeks to develop a new logo and tagline. Mr. Obregon clarified that the institutional logo will not change.

MOTION: The Hass Avocado Board approves a budget amendment in the amount of \$30,000 to redesign the Hass consumer logo and tagline. (Drake/Lotufu) MSC

The HAB Image Redesign Plan presentation is attached to the permanent copy of these Minutes and identified as Exhibit C

Fall Game Day Entertainment Results

Mr. Obregon ran a video for the Board with the promotional activities that took place during fall 2009.

The 2009 Falls Sports Entertaining presentation is attached to the permanent copy of these Minutes and identified as Exhibit D

2010 Super Bowl Activities

Mr. Obregon gave a brief review of the 2010 Superbowl "Big Game" promotions highlighting 2010 spokesperson Joe Montana.

The 2010 Big Game Day Activities presentation is attached to the permanent copy of these Minutes and identified as Exhibit E.

ADJOURN FOR LUNCH Chairman Donovan adjourned the meeting for lunch at 12:00 pm.

CLOSED SESSION The Board and Alternates reconvened into closed session at 12:45 pm.

OPEN SESSION

At 1:55 p.m., the Chairman reconvened the general session and announced that the Board discussed the Managing Director's annual performance.

NEW BUSINESS

No new business.

PUBLIC COMMENT

No public comments.

ADJOURN

Chairman Donovan adjourned the meeting at 2:00 p.m. The next meeting will be held on Thursday, April 28, 2010.

Respectfully submitted,

Yvonne Seebach

I certify that the above is a true and accurate statement of the January 28, 2010 Minutes approved by the HAB Board of Directors on _____

Ed Figueroa, Hass Avocado Board Secretary