

HASS AVOCADO BOARD
BOARD MEETING MINUTES
November 13, 2008

A meeting of the Hass Avocado Board (HAB) was held on Thursday, November 13, 2008 at 38 Discovery Ste.150, Irvine, California, with the following people present:

MEMBERS PRESENT

Len Francis, Chairman
Jim Donovan, Vice Chair
Don Reeder, Treasurer
Giovanni Cavaletto,
Secretary
Ben Drake
Ohannes Karaoghlanian
Jimmy Lotufo
Tom Markle
Galen Newhouse
Ken Roth
Charley Wolk

MEMBERS ABSENT

Ed Figueroa

STAFF PRESENT

Jose Luis Obregon

ALTERNATES PRESENT

Anat Ariav
Pilar Charrada
Ed Embly
Alvin Gebhart
Tom Markle
Nilda Mesistrano-Hyde
Daniel Sanders
Katie Wild

ALTERNATES ABSENT

Elena Garcia
Casimir Wytaniec

OFFICIALLY PRESENT

Val Weaver, HAB
Administrator
Kim Coy, USDA
(*via teleconference*)
Tom O'Brien
(*via teleconference*)

GUESTS PRESENT

Amy Andrade
Jennifer Baker-Asiddao
Shaheen Bakhtiar
Edith Barragan
Zachary Benedict
Gene Bianchi
Earl Bowerman
Adam Brohimer
Wayne Brydon
Ron Campbell
Avi Crane
Adolfo Del Angel
Angelina Downing
Diane Dreyer
Emiliano Escobedo
Angela Fraser
Karen Gorrell
Laurie Hill
Dave Howald
Jamie Johnson
Kim Kurata
John Lindstrom
J. Jesus Lopez
Marji Morrow
Adolfo Ochagavia
(*via video conference*)
David Ruiz
Lori Small
Connie Stukenberg
Sandra Wellhausen
Linda Wild
Sarah Williams

CALL TO ORDER

Len Francis, (2007-08 Chairman), called the meeting to order at 10:00 a.m. and presided over the meeting until the new chairperson was elected.

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

Mr. Francis announced the new HAB appointments:

Ben Drake was reappointed for another Producer term and Casimir Wytaniec was appointed as his Alternate. Reappointed for his second Producer term was Ken Roth and Katie Wild was appointed as his Alternate. Ohannes Karaoghlanian was newly appointed to a Producer seat with Edward Embly as his Alternate.

Importer Jim Donovan was reappointed for a second term, with Pilar Charrada as his Alternate. Giovanni Cavaletto was appointed to an Importer seat with Elena Garcia as his Alternate. Giovanni resigned his alternate importer seat leaving a vacancy.

Mr. Francis congratulated the new Members and noted that their terms expire in 2011.

Roll Call New Board – Establish Quorum

Mr. Francis called the roll and determined a quorum was present.

Instruction to the Board on Nominations, Voting and Officers Duties

Mr. Francis 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

Jim Donovan nominated Len Francis and Giovanni Cavaletto nominated Ben Drake.

MOTION ***The Hass Avocado Board of Directors agreed to close the nominations for Chairman of the Board for 2008-2009. (Markle/Newhouse) MSC Unanimous***

MOTION ***The Hass Avocado Board of Directors approves that a secret ballot vote can be conducted. (Karaoghlanian/Markle) MSC Unanimous***

Ballots were distributed and then collected and counted.

MOTION ***The Hass Avocado Board of Directors elects Len Francis as Chairman of the Board for 2008-09.*** Ms. Weaver, HAB Administrator, announced 11 votes were cast, with 5 votes for Ben Drake and 6 votes for Len Francis.

Ms. Weaver congratulated Mr. Francis.

CHAIRPERSON TAKES GAVEL AND PRESIDES

Chairman Len Francis thanked the Board for their vote of confidence and the honor of being elected as Chairman for a second year.

Election of the Vice-Chairperson

The Chairman read the functions of the duties of the Vice-Chairperson.

The Chairman nominated Jim Donovan as Vice-Chair, followed by agreement from Ohannes Karagholianian. With there being no other names submitted, nominations were closed.

MOTION ***The Hass Avocado Board of Directors agreed to close the nominations and cast a unanimous vote for Jim Donovan as Vice-Chairman of the Board for 2008-2009. (Markle/Roth) MSC Unanimous***

Election of the Treasurer

The Chairman read the functions & responsibilities of the Treasurer and opened the floor for nominations.

Mr. Karaoghlianian nominated Ben Drake and Ken Roth nominated Don Reeder.

The Chairman stated that secret ballots could be cast again since the Board approved the action earlier.

Each nominee gave a brief statement.

MOTION ***The Hass Avocado Board of Directors agreed to close the nominations for Treasurer of the Board for 2008-2009. (Markle/Drake) MSC Unanimous***

Ballots were distributed and then collected and counted.

MOTION ***The Hass Avocado Board of Directors elects Don Reeder as Treasurer for 2008-09.*** Ms. Weaver announced 11 votes were cast, with 5 votes for Ben Drake and 6 votes for Don Reeder.

The Chairman congratulated Mr. Reeder.

Election of the Secretary

The Chairman read the functions of the Secretary and opened the floor for nominations.

Mr. Drake nominated Giovanni Cavaletto. Chairman Francis noted that Mr. Figueroa had indicated that he would like to continue serving as the Secretary so he put Mr. Figueroa's name in as a candidate in his absence.

Mr. Cavaletto stated that he has been involved with HAB for a long time and desires to continue to make HAB an independent group where all countries can feel comfortable to participate and share information to move the category forward.

MOTION ***The Hass Avocado Board of Directors agreed to close the nominations for Secretary of the Board for 2008-2009. (Markle/Drake) MSC***

Secret ballots were cast for the Secretary and counted by Ms. Weaver.

MOTION ***The Hass Avocado Board of Directors elects Giovanni Cavaletto as Secretary for 2008-09.*** Ms. Weaver announced 11 votes were cast, with 4 votes for Ed Figueroa and 7 votes for Giovanni Cavaletto.

The Chairman congratulated Mr. Cavaletto.

The Chairman introduced the guests in attendance from Mexico and Chile: Emiliano Escobedo, Asociacion de Productores & Empacadores Exportadores de Aguacate de Michoacan A.C. (APEAM); Jesus Lopez, APEAM; David Ruiz, Mexican Hass Avocado Import Association (MHAIA); Antonio Villaseñor, Chariman MHAIA; Ron Campbell, Executive Director MHAIA; and Adolfo Ochagavia, Comité de Paltas, Chile.

He announced Kim Coy, USDA and Tom O'Brien, legal counsel were in attendance via teleconference.

Approve August Minutes

No corrections or amendments were made to the September 25, 2008 Minutes. The Board offered a Motion:

MOTION: ***The Hass Avocado Board approves the September 25, 2008 Minutes as presented. (Drake/Karaoghlanian) MSC Unanimous***
Jim Donovan, Tom Markle, Don Reeder, and Ken Roth abstained.

HAB Board Vacancies

Managing Director Jose Luis Obregon reported that notices had been sent to all eligible producers and importers announcing vacant producer alternate and importer alternate seats. He explained that 2 names for each empty seat will be submitted today to USDA for appointment.

The following producer nominees gave statements of their qualifications:

Shaheen 'Sherry' Bakhtiar, Bonsall; Gene Bianchi, Temecula; and Jamie Johnson, Ventura. Chairman Francis gave a statement for Mike Popovec from Temecula who wasn't in attendance. John Lindstrom was nominated from the floor and also gave a statement.

Importer nominees Earl Bowerman and Avi Crane gave statements.

A ballot list was distributed to the Board containing the names of the candidates. The Board was instructed to vote for 4 producer names and to rate the 4 importer candidates in order of importance. All ballots were then collected. The votes were counted. Mr. Obregon announced the candidates' names who will be submitted to USDA for final appointment of the vacant Producer seats:

John Lindstrom, Jamie Johnson, Mike Popovec and a tie with Gene Bianchi and Shaheen Bakhtiar. A total of 5 names will be submitted since there was a tie.

Mr. Obregon noted that there was also a tie with the ranking of the Importers: Avi Crane and Michael Parr tied for 1st and Earl Bowerman and Jose Carmona tied for 2nd.

Kim Coy, USDA confirmed it was okay to submit the two names that were tied.

FINANCE / ADMINISTRATION

2007-08 Financial Review

Ms. Weaver reported on the following financial update:

Fiscal Year (FY) 2007-08 Update

Hass Volume = 961.3 MM lbs --- up 32.3 MM lbs from the 929.0 MM lb. estimate.

HAB Revenues = \$24.0 MM dollars --- up \$.8 MM dollars from the \$23.72 MM dollar estimate.

HAB Net Revenues = \$5.1 MM dollars --- up \$1.4 MM dollars over the \$3.7 MM dollar estimate.

HAB Reserves as of 10/31/08 = \$3.3 MM dollars --- up \$1.4 MM dollars over the \$1.9 MM estimate.

U.S. Aggregate Volume; FY 2007-08:

Ms. Weaver reported that the U.S aggregate volume outlook for FY 2007-08 for all varieties has been updated to reflect import data received from Customs through October 2008 and grower data from California handlers through September 2008. Volume is spread by month based on estimated market trends as follows:

U.S. aggregate volume of all varieties in the domestic market place is estimated higher by 16.1 MM lbs. and is now tracking at 1.0594 billion lbs. from the September 2008 estimate of 1.0433 billion lbs.

Schedule of Cash & Investments as of October 31, 2008

- a) Cash in bank – Checking Account = \$256,818
- b) Money Market Accounts = \$3,252,628
- c) Investments = \$522,000
- d) TOTAL CASH & INVESTMENTS = \$4,031,446

Statement of Net Assets, and Revenue & Expenditures as of October 31, 2008

- a) Total Assets = \$4,049,894
- b) Total Liabilities = \$-0-

- c) Total Net Assets = \$4,049,894 (Beg. N.A. of \$3,343,604 + \$706,290)
- d) Total Revenues = \$22,285,254
- e) Total Expenditures = \$21,578,964
- f) Excess of Revenues Over (Under) Expenditures - \$706,290

2009 Financial Update

Hass Volume projections for calendar year (CY) 2009 are 911.1 MM lbs., which is a slight reduction of .9 MM lbs. from the September 2008 912.0 MM lb. projections. Revenue will be close to estimate so no change is projected at this time.

Aggregate volume for CY 2009 in the UA is now estimated at 977.0 MM lbs., which is an increase of 4 MM lbs. from the September estimate.

USDA – Billing Review Update

Ms. Weaver reported that she and HAB Managing Director Jose Luis Obregon had met with the United States Department of Agriculture (USDA) to review billing for the Agricultural Marketing Service oversight of the Hass Avocado Board. Administrative and supervisory costs, supporting documentation and percentage allocations to all programs were reviewed. All were checked for accuracy, completeness and reasonableness. All expenses were found to be in order and no discrepancies found. A complete report was distributed to the Board and Alternate members.

She noted that the billing expenses have been reduced from previous years: 2006 = 7%; 2007 = 6%; and now 2008 will be about 5.5% due to the proactive preparation of all documentation needed to help make for efficient reviews by USDA. She acknowledged Ms. Angela Fraser for her exceptional work in the preparations of items to be reviewed by USDA.

The complete attachment Administration & Financial Report Memorandum is attached to the permanent copy of these Minutes and identified as Exhibit B.

CHAIRMAN'S REPORT

PMA Report

Chairman Francis reported attending the Produce Marketing Association convention in Orlando, FL. He stated that the HAB did not have a booth exhibit this year, but instead felt it would be more effective to attend and walk the convention and interact with all players related to marketing avocados. He said the HAB merchandisers met with the representatives from CAC, CAIA and MHAIA as well as with retailers. Francis also mentioned that HAB visited the USDA booth and continues to build relationships with its representatives.

There was discussion on the selling of the old HAB exhibit booth. Mr. Obregon noted that it is currently being marketed for sale and that there will be a report in the future on the status.

MANAGING DIRECTOR'S REPORT

Handling Confidential Information

Mr. Obregon reported that during the audit in Washington, DC he and Ms. Weaver met with Sonia Jimenez, CAIA's Executive Director Xavier Equihua, MHAIA's Executive Director Ron Campbell and HAB's Legal Counsel Tom O'Brien. Mr. Equihua shared a concern brought up by the CAIA Board and requested that the assessment data received from Customs should be handled by a third party firm rather than by the California Avocado Commission (CAC). Previously, USDA had instructed HAB to limit the information that was received from Customs and given to the import associations. It was noted that due to HAB's administrative contract with CAC, CAC employees have access to the confidential import information and there was some concern about that from the associations. The recommendation was to have a third party handle the confidential information and provide only summary information to HAB in order to pay the rebates to the associations. To eliminate this concern and to remain transparent, the recommendation was to have a third party handle the confidential information. Mr. Obregon reported the cost was estimated at approximately \$15,000 per year.

A comment was raised to have the HAB's 'new hire' handle the task in-house and save spending the \$15,000. A question was asked if HAB would see a reduction in fees paid to CAC if this task was outsourced. Ms. Weaver noted that staff's time was being tracked for all work concerning HAB and it was a little early to tell but that it would be reviewed with the annual contract.

Ms. Weaver explained that Customs sends the information in a non-standard software format and that the data is transferred into a customized program to be able to sort import members from non-members, volume and assessment information for rebate purposes. A third party would have to be trained in and would not have access to historical information or the customized program. They would have to develop their own program. She mentioned that CAC would be willing to train in a third party and that CAC had no problem with relinquishing the responsibility. Discussion ensued.

One importer noted that this is an important step in separating CAC from HAB and reiterated its importance to Chile and Mexico.

Finance Committee Chairman Reeder noted that the Committee approved outsourcing the task and recommended that the Board move forward with the action. After further discussion the following motion was made:

MOTION ***The Hass Avocado Board of Directors approves moving forward with having an independent third party manage the Customs assessment data. (Donovan/Reeder) MSC Unanimous***

Mr. Obregon stated that he will develop a Request for Proposal for this activity and will report to Board any outcomes.

New Hire Update

Mr. Obregon reminded the Board that they had approved hiring an assistant at the last Board meeting. He reported that he conducted a search, and found that the median cost of a bi-lingual administrative assistant is in the range of compensation that the board had approved.

Mr. Reeder mentioned that the Finance committee reviewed the compensation package and recommended to proceed with the hiring process but indicated that a Sub-Committee would be created to review HAB's compensation packages.

Mr. Obregon indicated that he would be sending an offer letter to the top candidate.

Board Member Educational Trips

Mr. Obregon gave a brief description of the locations that are being considered for the offsite educational tours for the Board Members and Alternates next year.

March 31- April 3rd: East Coast Trip to Boston, New England Produce Council (NEPC) including a visit to the NEPC Expo, then to New York to visit the Hunts Point Terminal Market

Dates TBD: San Antonio, Texas to visit the HEB distribution center, then to Laredo, Texas Port-of-Entry and Customs facility.

Dates TBD: Day trip to the Port of Los Angeles to view Chilean vessel unloading, with a possibility of being tied in to the 2009 Produce Marketing Association convention in Anaheim.

A copy of the Educational Trips Slides is attached to the permanent copy of these Minutes and identified as Exhibit C.

Big Game Activities

Mr. Obregon gave an overview of the 2009 Big Game Activities. He mentioned that in the weeks that preceded the 2007 and 2008 Big Games, that the U.S. Hass avocado retail dollar trends had outpaced fruits, vegetables and total produce. He reported that the volume sales of Hass avocados increased by 47% in the weeks leading up to the Big game from 2004 to 2008. Some of the highlights included:

46.3 million pounds are expected to be consumed for the 2009 Big Game
Integrated marketing activities will include a 30-second spot promoting Hass avocado dishes

A former professional football player will be secured as a spokesperson
talking points will be taught for that person to promote Hass avocados
HAB will have a PR onsite presence prior to the game in Tampa, FL

Dedicated online promotion

Merchandising POS materials and retail sell sheet

Avocadocentral.com micro site

The 2009 Big Game Day Activities presentation is attached to the permanent copy of these Minutes and identified as Exhibit D.

NEW BUSINESS

One Member expressed that he felt Mr. Obregon's title wasn't appropriate. Mr. Obregon stated that 'Managing Director' was appropriate for him and added, that from a global standpoint, it is a highly esteemed title.

PUBLIC COMMENT

None.

ADJOURN

Chairman Francis adjourned the HAB meeting at 12:20 p.m. The next meeting will be held on January 22, 2009.

Respectfully submitted,

Laurie Hill

I certify that the above is a true and accurate statement of the November 13, 2008 Minutes approved by the HAB Board of Directors on January 22, 2009.

Giovanni Cavaletto, HAB Board Secretary