



Mexican Hass Avocado Importers Association
Board Meeting Minutes
May 19, 2021

Place

Dallas / Zoom Meeting

Time: 9:00 AM – 12:30 PM CDT

Board of Directors:

Growers / Packers		Term Expires
David Ruiz Vega (Chair)	Director	2021
Gustavo Rivas Benitez	Alt	2021
Ivan Alejandro Oseguera Quintero	Director	2021
Jesus Domingo Calderon Urbina	Alt	2021
Rigoberto Lemus (Secretary)	Director	2022
Ricardo Vega Jr.	Alt	2022
Dr. Antonio Ortiz Gonzalez	Director	2022
Lic. Juan Pablo Figueroa Cejudo	Alt	2022

Importers		Term Expires
Aaron Acosta	Director	2021
Gahl Crane	Alt	2021
Gary Caloroso (Treasurer)	Director	2021
Peter Shore	Alt	2021
Jon Ulrich (Vice-Chair)	Director	2022
Jorge Hernandez	Alt	2022
Giovanni Cavaletto	Director	2022
Mike Chirico	Alt	2022

AMS: _____

Kelly Robertson
Katie Cook
George Webster

Officially Present: _____

Armando Lopez
Dolora Sillman
Miguel Barcenas
Ron Campbell
Alvaro Luque
Kevin Hamilton
Stephanie Bazan
Ivonne Kinser
Brad Barker
Kevin Brosch

Michael Lemos
Miguel Molina
Ana Ambrosi
Miguel Barcena



Members

Jose Luis Gallardo	Dave Billings	Carlos Genel	Sergio Chavez
Elizabeth Ayala	Rigo Perez	Gabriel Villaseñor	Ricardo Vega II
Jeff Onstot			

Guests:

John McGuigan	Megan Fultan
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Meeting Convenes:

Upon conclusion of the JEC / AFM board meeting and budget approval recommendation, the MHAIA meeting convenes.

Chairman David Ruiz called the MHAIA meeting to order, took the roll call and established a quorum. Kevin Brosch read the antitrust policy that was also distributed to the participants as part of the agenda. Gary Caloroso motioned to approve the minutes which was seconded by Aaron Acosta. The motion passed without objection.

Upon conclusion of the antitrust policy explanation, Chairman David Ruiz introduced The Treasurer, Gary Caloroso and Dolora Sillman to present the Treasurers Report.

Cash in Bank:

May 14,2021

	MHAIA	AFM	Total
AFM-EX MM Acct		\$1,343,801 ⁴	\$1,343,801
Citizens Business Bank-MHAIA MMKT	\$10,444,317 ¹	\$6,015,966 ²	\$16,460,284
Citizens Business Bank-APEAM MMKT		\$3,846,594 ³	\$3,846,594
Citizens Business Bank-Optg. (with OChecks)	\$1,000	\$101,440	\$102,440
Petty Cash		\$2,500	\$2,500
			\$0
Total	\$ 10,445,316	\$ 11,310,301	\$ 21,755,618

Notes:

- ¹ - MHAIA- MMKT Balance a does not include the April 2021 estimated assessment of \$4.4M.
- ² -AFM MHAIA MM does not include the inter company payable from MHAIA for April
- ³ - AFM APEAM MM -up to date as of April 30,2021
- ⁴ - AFM -EX-MM -pay out to AFM Executives scheduled July 2021



Financial Summary as of April 30:

Volume	Actual-YTD Apr 30, 2021	Budget-YTD Apr 30, 2021	\$ Change-Act vs Budget	Actual-YTD Apr 30, 2020	\$ Change-Act vs PY
Gross	2,042,000,675	2,001,671,654	40,329,021	1,704,153,207	337,847,468
Organic	(53,992,296)	(51,426,400)	(2,565,896)	(48,059,492)	(5,932,803)
Re-export	(1,495,405)	(1,548,376)	52,971	(2,168,549)	673,144
Dumped	(223,983)		(223,983)		(223,983)
Net	1,986,512,975	1,948,696,878	37,816,097	1,653,925,166	332,587,809
% Variance			1.9%		20.1%

Contribution	Actual-YTD Apr 30, 2021	Budget-YTD Apr 30, 2021	\$ Change-Act vs Budget	Actual-YTD Apr 30, 2020	\$ Change-Act vs PY
HAB	\$42,213,401	\$41,409,809	803,592	\$35,153,445	\$7,059,955
APEAM (net)	\$630,681	\$679,877	(49,196)	\$573,637	\$57,044
Other income (Interest)	\$13,505	\$15,035	(1,530)	\$16,836	(\$3,331)
Total contribution/income	\$42,857,587	\$42,104,720	\$752,867	\$35,743,918	\$7,113,668
% Change			1.8%		19.9%

Change in Net Assets	Actual-YTD Apr 30, 2021	Budget-YTD Apr 30, 2021	\$ Change-Act vs Budget	Actual-YTD Apr 30, 2020	\$ Change-Act vs PY
Change in Net Assets	(233,977)	(1,106,788)	872,811	(2,968,307)	2,734,331
Retained Earnings-PY	12,504,767	12,504,767	(0)	11,456,661	1,048,106
Total Equity	12,270,790	11,397,979	872,811	8,488,354	3,782,437

Spending	Actual-YTD Apr 30, 2021	Budget-YTD Apr 30, 2021	\$ Change-Act vs Budget	Actual-YTD Apr 30, 2020	\$ Change-Act vs PY
AFM Direct Marketing	\$29,894,187	\$35,213,582	-\$5,319,395	\$29,853,544	\$40,643
AFM Marketing Admin/Other	\$11,873,304	\$6,553,909	\$5,319,395	\$7,534,475	\$4,338,829
Total AFM Marketing	\$41,767,491	\$41,767,491	\$0	\$37,388,018	\$4,379,473
MHAIA Communications and Analytics	\$16,442	\$63,700	-\$47,258	\$0	\$0
MHAIA Direct Marketing	\$107,000	\$111,000	-\$4,000	\$107,417	-\$417
MHAIA Marketing Admin	\$581,834	\$601,326	-\$19,492	\$614,810	-\$32,976
Marketing	\$705,276	\$776,026	-\$70,750	\$722,227	-\$16,951
Total General Administrative	\$618,796	\$667,991	-\$49,195	\$601,980	\$16,816
Total Expenses	\$43,091,563	\$43,211,508	-\$119,945	\$38,712,225	\$4,362,896
% Change			-0.3%		11.27%
Cost per pound	\$ 0.02	\$ 0.02		\$ 0.02	

Financial Position	Actual-YTD Apr 30, 2021	Budget-YTD Apr 30, 2021	\$ Change-Act vs Budget	Actual-YTD Apr 30, 2020	\$ Change-Act vs PY
Cash & Cash Equivalents	\$16,111,580	9,786,005	\$6,325,574	\$11,131,258	\$4,980,322
Other Assets (AR/FA)	\$4,566,606	4,482,154	\$84,452	\$2,865,603	\$1,701,003
Total Assets	\$20,678,186	14,268,160	\$6,410,026	\$13,996,861	\$6,681,325
Total Liabilities	\$8,407,396	2,870,181	\$5,537,215	\$5,508,507	\$2,898,888
Total Equity	\$12,270,790	11,397,979	\$872,811	\$8,488,354	\$3,782,437
Total Net Assets/Liabilities	\$20,678,186	14,268,160	\$6,410,026	\$13,996,861	\$6,681,325
Reserve Goal-15% of FY 21-Mar 2021 Assessment	\$ 6,332,010	\$ 6,211,471	\$ 120,539	\$ 5,273,017	\$ 1,058,993
Estimated FY 21 Reserve Goal-15% of Total Year Assessment	\$ 7,191,989	\$ 7,191,989	\$ -	\$ 6,390,841	\$ 801,148

Funding allocation	Actual-YTD Apr 30, 2021	Budget-YTD Apr 30, 2021	Actual-YTD Apr 30, 2020	Ratio-Actual- YTD Apr 30	Ratio-Budget- YTD Apr 30	Ratio-PY-YTD Apr 30, 2020
MHAIA to AFM	\$ 41,767,491	\$ 41,767,491	\$ 37,388,018	66.59%	66.54%	66.59%
APEAM to AFM	20,320,496	20,320,496	18,477,305	33.41%	33.46%	33.41%
APEAM to MHAIA	\$ 630,681	\$ 679,877	\$ 573,637			
Total	\$ 62,718,668	\$ 62,767,864	\$ 56,438,960	100.00%	100.00%	100.00%
MHAIA Communications/Analytics	16,442	63,700		100.00%	100.00%	
Total Funding	\$ 62,735,110	\$ 62,831,564	\$ 56,438,960			



Crop Report:

Upon conclusion of the Treasurers Report, Pilar Osorio provided the flor loca crop report. The summary is below.

Crop Balance estimate-FY21

Volume in Tons/Pounds at Gross	Tons		Tons	%	Pounds	%
APEAM						
FY 20-21-Total Projected Harvest			1,266,999		2,793,254,655	
Total FY 20-21-Projected Shipments			1,052,073		2,319,424,507	
<i>% Shipments compared to Harvest</i>			<i>83.04%</i>			
Harvest						
Actual Harvest-as of May 9, 2021			1,157,024	91.3%	2,550,801,282	91.3%
Balance to be Harvested-May 10- Jul 4,2021			109,975	8.7%	242,453,373	8.7%
2020-2021 Estimated Harvest			1,266,999	100%	2,793,254,655	100%
Ave/Wk.-8 weeks			13,747		30,306,672	
<i>% Harvested</i>			<i>91.3%</i>			
<i>% To be harvested</i>			<i>8.7%</i>			
Shipments-Perspectivas						
Actual Shipped as of May 9, 2021			967,756	87.6%	2,133,537,439	87.6%
Balance to be shipped -May 10-July 4,2021 (Projection)			137,473	12.4%	303,075,526	12.4%
Total Shipments			1,105,229	100%	2,436,612,966	100%
Ave/Wk.-8 weeks			17,184		37,884,441	
<i>% Shipped</i>			<i>87.56%</i>			
<i>% To be shipped</i>			<i>12.44%</i>		105.05%	
<i>% Inc (Dec) - Total Estimate vs Total Projection</i>			<i>5.05%</i>			
<i>% Actual Shipment as compared to Harvest as of May 9,2021</i>			<i>83.64%</i>		<i>83.64%</i>	
<i>% to be shipped as compared to be harvested (May 10-July 4)</i>			<i>125.00%</i>			

Note: MHAIA February Amended volume for FY 20-21- 2.428 billion pounds- gross of organics and re-export

The report also included projected weekly shipments including shipments by size.

2021-22 Budget and Objectives:

To improve accuracy, MHAIA will research and identify gaps in projections and develop a correction methodology for budgeting purposes.

The budget will also include funds for the monarch butterfly reforestation project, another full year of crop reporting, funds directed toward the Center for Produce Safety for listeria research, a possible partnership with the National Wildlife Federation, Texas A&M analytics and a MHAIA long range plan.

MHAIA's objectives will be to implement full automation of financial budgeting, enhance MHAIA's website, continue oversight of AFM and prepare for upcoming financial and managerial audits.



MHAIA Fiscal 2022 Budget Assumptions:

Volume and Contribution

- Rebate Volume - Flat @ 2.43 B pounds
- Organics-Rebate Volume - @ 2.58%
- Re-export- @ 0.08%
- Assessment from HAB - \$50.26M
- APEAM support - ↑ \$231K from \$882K to \$1.1M

Marketing Spending

- Total Marketing spending – ↑ 9.6% from \$50.06M to \$54.88M
 - AFM Marketing- ↑ 8.2% from \$48.77M to \$52.79M
 - MHAIA Communications and Analytics- 2 approved headcount - ↑ \$343K. Annualized cost, 1 filled last March 2021
 - MHAIA Marketing Direct- Trade and PR- ↑ \$200K from \$220K to \$420K
 - *5-year extension of Monarch Butterfly, Listeria Research and National Wildlife Federation*

Megan Fulton from Forests for Monarch provided an update on the reforestation project and proposed expectations for another possible five year partnership and Ana Ambrosi provided a review of the media coverage and public relations benefits by partnering with FFM.



Fiscal 2022 Assumptions:

	FY-21 Estimate	FY-21 Budget-Feb 2021	\$ Change	% Change	FY-22 Budget	\$ Change Estimate	% Change
Volume (in pounds)							
Gross	2,428,321,697	2,428,321,697	(0)	0.0%	2,430,000,000	1,678,303	0.1%
Organic	(61,666,001)	(61,666,001)	(0)	0.0%	(62,810,000)	(1,143,999)	1.9%
Re-export	(1,804,366)	(1,804,366)	(0)	0.0%	(1,826,460)	(22,094)	1.2%
Net Volume	2,364,851,330	2,364,851,330	(0)	0.0%	2,365,363,540	512,210	0.0%
Contribution/Revenue							
APEAM Board Contribution	882,093	882,093	0	0.0%	1,113,179	231,086	26.2%
HAB Assessment	50,253,091	50,253,091	(0)	0.0%	50,263,975	10,884	0.0%
Interest Income	15,525	18,635	3,110	20.0%	18,600	3,075	19.8%
Total Contribution/Revenue	51,150,707	51,153,817	3,110	0.0%	51,395,753	245,046	0.5%
Spending							
AFM Marketing-Direct	43,917,258	46,162,616	1,877,700	4.3%	46,788,038	2,870,780	6.5%
AFM Marketing Administrative	4,855,893	4,848,405	(388,635)	-8.0%	5,998,917	1,143,024	23.5%
Total AFM Marketing	48,773,151	51,011,021	2,237,870	4.6%	52,786,954	4,013,804	8.2%
MHAIA Marketing-Direct	220,000	220,000	-		420,000	200,000	90.9%
MHAIA Marketing Administrative	984,405	984,643	237	0.0%	1,247,933	263,528	26.8%
MHAIA Communications and Analytics	85,572	132,830	47,258	55.2%	428,914	343,342	401.2%
Total MHAIA Marketing	1,289,977	1,337,473	47,495	3.7%	2,096,847	806,870	62.5%
Marketing	50,063,128	52,348,494	2,285,366	4.7%	54,883,801	4,820,674	9.6%
Total General Administrative	890,489	890,488	(0)	0.0%	1,079,718	189,229	21.3%
Total Expenses	50,953,616	53,238,982	2,285,366	4.5%	55,963,519	5,009,903	9.8%
Net Change in Assets							
Net Change in Assets -CY	197,092	(2,085,164)	(2,282,256)		(4,567,764)	(4,764,857)	
Retained Earnings-PY	12,504,767	12,504,767	0		12,701,859	197,092	
Total Equity	12,701,859	10,419,603	(2,282,256)		8,134,095	(4,567,764)	
Financial Position							
Cash & Cash Equivalents	11,891,923	9,179,917	(2,712,007)	-22.8%	7,650,533	(4,241,391)	-35.7%
Other Assets (AR/FA)	3,488,983	4,231,938	742,955	21.3%	3,892,070	403,087	11.6%
Total Assets	15,380,907	13,411,855	(1,969,052)	-12.8%	11,542,603	(3,838,304)	-25.0%
Total Liabilities	2,679,048	2,992,251	313,204	11.7%	3,408,508	729,460	27.2%
Total Equity	12,701,859	10,419,603	(2,282,256)	-18.0%	8,134,095	(4,567,764)	-36.0%
Total Liabilities and Equity	15,380,907	13,411,855	(1,969,052)	-12.8%	11,542,603	(3,838,304)	-25.0%
Cash Ratio to Assessments from HAB	23.7%	18.3%			15.2%		
Reserve Goal (15% of Assessments from HAB)-in \$	7,537,964	7,537,964			7,539,596		

The MHAIA Board agreed with the budget and assumptions as presented. Therefore, Gary Caloroso motioned to approve the budget as presented and the motion was seconded by Jon Ulrich. The motion passed without objection.

Executive Director – ongoing industry issues

David introduced Ron to discuss a number of ongoing issues affecting the Mexican avocado industry.



AB 710 Proposed CA legislation to require California safety standards on imports CAC is against / Hearing two weeks ago

This bill would prohibit a retailer from selling a listed agricultural product, produced in the state or outside of the state unless the product was produced in compliance with specified California health and environmental protection laws.

The bill would also prohibit a retailer from selling a listed agricultural product produced in the state or outside of the country unless the product was produced in compliance with specified California labor laws, as defined.

Potential Jalisco Access: On April 28, the Mexican Supreme Court ruled in favor to overturn a lower court decision from regulation to allow full access for U.S. potatoes into Mexico.

The potato industry, the USDA and the USTR will continue to resist easing of restrictions on additional avocado access until U.S. potatoes cross the border. In addition, because SAGARPA will probably need to implement the regulation through some sort of federal rule making and it is likely the Mexican potato industry will continue its resistance, the timing for Jalisco access remains unknown.

USMCA SPS Committee Meeting: Two weeks ago, the SPS committee under the USMA met for the first time and the potato issue was put on the table as a warning to Mexico to follow through on the decision by the Mexican Supreme Court.

CAC Referendum: The referendum passed giving CAC another five years.

Walmart: Walmart is implementing an integrated Pest Management policy.

New Undersecretary: California Deputy Ag Secretary, Jenny Moffitt, was tapped to take the job as the new Under Secretary for Marketing and Regulatory Programs.

Casa APEAM:

Armando Lopez, Director General of APEAM provided a video of the ongoing construction and progress on the headquarters of APEAM and an invitation

New Business:

Giovanni Cavaletto mentioned that there could be some increases to the AMS inspection fees and there is a group in Pharr Texas building a coalition of affected industries to challenge the increase. MHAIA is unable to fight this action but individual industry members can.

The Board agreed to September 22-23 for the dates of the next set of meetings in Dallas.



The Board also went into closed session to discuss employee salaries and benefits.

There being no additional new business, Jon Ulrich motioned to adjourn which was seconded by Jorge. There was no objection.

Respectfully Submitted,

Ron Campbell, MHAIA Executive Director

I certify that the above is a true and accurate statement of the May 19, 2021, MHAIA Board of Directors Meeting.

Rigoberto Lemus, MHAIA Board Secretary