

BYLAWS OF THE CHILEAN AVOCADO IMPORTERS ASSOCIATION

ARTICLE I

Name

Section 1. The organization governed by these Bylaws shall be known as the Chilean Avocado Importers Association hereinafter referred to as the Association.

ARTICLE II

Purpose

Section 1. The principal purpose of the Association and these Bylaws shall be to implement the provisions of the Hass Avocado Promotion, Research, and Information Act (HAPRI or Act) and Hass Avocado Promotion, Research, and Information Order (HAPRIO or Order) as an importer and exporter association so authorized under the HAPRIO, and to establish a fair and orderly procedure whereby adequate funds can be assembled to fulfill the provisions of this program. To the extent authorized by the Board of Directors, the Association may also engage in other activities that are related to the objectives of the HAPRI and HAPRIO that could affect the export, import and promotion of Hass avocados in the United States, provided that such activities are not a substantial portion of the activities of the Association.

ARTICLE III

Registered Office and Principal Place of Business

Section 1. The registered office of the Association shall be 1682 Laurel Street, Unit C, San Carlos, CA 94070 or such other address as designated by the Board of Directors from time to time, and the registered agent shall be a resident of the California as designated by the Board of Directors.

Section 2. The principal place of business of the Association shall be at

1682 Laurel Street, Unit C, San Carlos, CA 94070 or such other location as the Board of Directors of the Association shall establish from time to time.

ARTICLE IV

Members

Section 1. There shall be two (2) classes of Members of the Association who shall be (a) United States importers of Chilean Hass Avocados subject to and paying assessments under the HAPRI, and (b) Chilean exporters of Hass Avocados and the president of the Comité de Palta Hass de Chile (Chilean Avocado Committee).

Section 2. Pursuant to Section 1205 (h) (9) (B) of the Act, and upon implementation of “Importer Associations and Assessment Computation” procedures by USDA’s Agricultural Marketing Service (AMS), all importers of Hass avocados from Chile are members of the Association, provided that such importers have the opportunity to opt out of such membership by notifying the Association and the Hass Avocado Board in writing. The term importer shall carry the same meaning as provided in § 1219.14 of the Order as it pertains to Hass avocados from Chile.

Section 3. On matters directly affecting the interests of the Members of the Association, each Member shall be entitled to one vote. If any Member is an organization, it shall be entitled to one vote exercised through one of its representatives.

ARTICLE V

Board of Directors and Annual Meeting of Members

Section 1. The Board of Directors shall have twelve (12) Directors, six (6) Importers who shall be elected by the importer class of Members, and six (6) Exporters. Five (5) exporter positions shall be elected by the exporter class of Members. There will also be a special seat for the president of the Comité de Palta Hass de Chile (Chilean Hass Avocado Committee), who will be the representative of Chilean avocado producers. Eligible members that are subject to membership dues must be current in their dues to the association in order to serve as directors.

Directors shall be elected for and serve a term of two years, or until their successors are elected. All such directors duly elected shall make up the Board of Directors, which shall manage the promotion program and exercise the executive and administrative functions of the Association as provided in the Articles of Incorporation and these Bylaws.

Section 2. There shall be a meeting of individuals and organizations eligible to be Members of the Association under Article IV. Those Members shall elect the initial Board of Directors and adopt Bylaws for the conduct of the affairs of the Association.

Section 3. The Board of Directors shall establish the time and place for the Annual Meeting of the Members of the Association, which Members shall elect Directors as required under Section 1 and Section 4 of this Article, and conduct such other business as shall come before the Members. The date of the Annual Meeting shall be set each year by the Board, giving due consideration to having it after the end of the avocado season in Chile. The Chairperson shall chair the Annual Meeting until its conclusion, and the successor Chairperson elected at the Annual Meeting shall take office at the conclusion of the meeting.

Section 4. The Board of Directors shall provide no less than 30 days written notice to all Members of the time and place of the Annual Meeting; and the Directors shall provide no less than seven (7) days written notice of a description of issues, in addition to the election of Directors, to be presented for a vote of the Members at such meeting.

Section 5. In the event of the death, resignation or disqualification of a Director, a successor shall be elected by the Board of Directors to serve until the next Annual Meeting. In the event the departing director is the Chairperson, the Vice-Chairperson shall be the new Chairperson and a new Vice-Chairperson shall be elected by the Board from among the remaining original Board members. At the next Annual Meeting, Members shall elect a director to serve the remainder of the term for that director's seat, or for a full two (2) year term if that Director's term would have expired at the next Annual Meeting.

Section 6. The Board of Directors shall meet at the call of the Chairperson or by the call of a majority of the Board members, but in no event less twice per year.

Section 7. A simple majority of the Directors then holding office shall constitute a quorum of the Board of Directors at all meetings. All votes shall be decided by a majority of those Directors in attendance, provided that such majority shall consist of not less than four (4) Directors who are importers and four (4) Directors who are exporters, and on the basis of one person, one vote.

Section 8. To the extent permitted by law of the State of California, members of the Board of Directors may participate in a meeting by means of telephone conference or similar means of communication in which all Directors can hear one another at all times, and such Directors shall be deemed to be in attendance for purposes of a quorum or voting.

Section 9. Directors shall not be compensated for their services. Directors shall pay their own expenses to attend administrative related activities of the Board of Directors meetings, or such other administrative activities on behalf of the Association, unless otherwise authorized by the Board. Any reimbursement of out-of-pocket expenses shall conform to the controls to prevent reimbursements or expenditures for unreasonable or otherwise controversial travel and meeting expenses as established under Section 1219.41 of the Order.

Section 10. Prohibited activities of directors shall be the same as established under Section 1219.42 of the Order.

ARTICLE VI

Officers and Their Duties

Section 1. The Association's officers shall consist of a Chairperson, a Vice-Chairperson, and a Secretary and Treasurer, which may be the same or separate persons. These officers shall be Directors, and the Board of Directors shall elect the Chairperson, Vice-Chairperson and Secretary/Treasurer, each of whom shall serve the same term as an officer as they serve as a Director, or until the Board elects their successor.

Section 2. The Board of Directors may also hire a Managing Director and other employees for managing the affairs of the Association. Such Managing Director or other employees may not be Directors or members of the Association.

Section 3. The Chairperson's duties shall be to preside at the Annual Meeting and all meetings of the Board of Directors; call special Board meetings when deemed necessary; have general oversight of Association affairs; and to perform all acts and duties usually incident to and required of a presiding officer.

Section 4. The duties of the Vice-Chairperson shall be to act in the place of the Chairperson in the Chairperson's absence, disqualification, disability, or at the Chairperson's direction.

Section 5. The Secretary's duties shall be to keep a complete record of the proceedings at all meetings of the Members or the Board of Directors; and attest to all papers, documents and other instruments on behalf of the Association, the Board of Directors and the officers as required. The Secretary may delegate such duties with the approval of the Board.

Section 6. The Treasurer's duties shall include responsibility for the safekeeping of all funds and property belonging to or under control of the Association or Board of Directors; cause to be kept regular books of account under the direction of the Board; cause to be deposited all funds of the Association, or under the control of the Board, in a bank or banks designated by the Board; cause to be submitted to the Board and the Secretary of Agriculture a financial report as required under the HAPRIO; and be responsible for all insurance policies, including any fidelity bonds covering Officers, employees or agents of the Association. The Treasurer may delegate such duties with the approval of the Board.

Section 7. The Managing Director shall be the chief administrative officer of the Association, and shall be responsible for the daily business of the Association under the direction and authority of the Board of Directors. The Board shall set the compensation for the Managing Director. The Board may also designate additional advisors, officers and employees of the Association as required and in consultation with the Managing Director.

Section 8. Contracts involving implementation of the HAPRIO, or other representation, shall be signed on the Board of Directors' behalf by any one (1) person authorized by Board resolution. Checks shall be signed, or wire transfers authorized, on behalf of the Board by use of a manual or facsimile signature of the Chairperson (or a manual or facsimile signature of the Vice-Chairperson if the Chairperson is not accessible) and one additional manual signature of the Treasurer or Secretary, or such other person authorized by Board Resolution; provided, that the Treasurer may manually sign checks or authorize wire transfers alone for amounts of not more than \$50,000.00. The same process applies to payments made by wire transfer.

Section 9. Prohibited activities of directors shall be the same as established under Section 1219.42 of the Order.

ARTICLE VII

Transfer and Use of Assessments from Importers

Section 1. The Association shall receive from the Hass Avocado Board established under HAPRIO an amount of assessment funds equal to eighty-five (85) percent of the assessments paid on Chilean Hass avocados imported by all importers of Chilean Hass avocados who are Members of the Association. The Association shall use such funds and earnings from such funds to finance promotion, research, consumer information and industry information programs, plans, and projects for Chilean Hass Avocados in the United States. Such moneys shall be placed in an account specifically designated for that purpose by the Board of Directors and such moneys shall be used as defined by the HAPRIO for the promotion of Chilean Hass avocados, and to promote the overall market for Hass avocados, in the United States.

Section 2. The Board of Directors shall establish separate budgets for the promotional activities and the administrative costs of the Association. The Board shall establish by Resolution such assessments, fees or dues to be paid by Members sufficient to cover the administrative costs of the activities of the Association. The Board may provide a draft Resolution to the Members for review and comment or seek the comments of the Members by any other reasonable means, provided that, the final Resolution must be provided in writing to all Members of record not less than 30 days prior to its effective date.

Section 3. The Association hereunder shall be the exclusive organization for the promotion of Chilean Hass avocados under the HAPRIO for those importers that are Members of the Association. The Association shall also be the only organization that shall administer the program for those Members.

ARTICLE
VIII

Bonds and Insurance,
Liability and Indemnification of
Directors, Officers and Other
Persons

Section 1. Directors, officers, employees and agents of the Association who handle funds for the Association shall be placed under fidelity bonds issued by a reputable bonding company in an amount to be fixed by the Board of Directors. The premiums on such bonds shall be paid by the Association.

Section 2. The Board of Directors shall have the power to indemnify any present and past Director, officer, employee or agent of the Association who is a party to any threatened, pending or completed lawsuit and other legal action or investigation by reason of the fact that he or she is or was a Director, officer, employee or agent of the Association, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement that are reasonably incurred in connection with such action; provided, that such person acted in good faith within their authority and not in dishonesty or negligence or misconduct, and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association. If such action is a criminal proceeding, he or she must have had no reason to believe his or her conduct was unlawful. The foregoing shall not apply to matters as to which any such person shall be adjudged in such proceeding to be liable for negligence or misconduct in the performance of their duty.

Section 3. To the extent any such person specified in Section 2 of the Article has been successful on the merits or otherwise in the defense of such proceeding or claim, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Section 4. Any indemnification under this Article shall be made only as authorized in the specific proceeding upon determination that indemnification is proper in the circumstances and the person has met the standard of conduct set out in Section 2 of the Article. Such determination shall be made by a majority of the Board of Directors elected who were not parties to the proceeding, or absent a majority, by a written opinion by independent legal counsel.

Section 5. The Board of Directors may obtain insurance for such indemnification, but shall not be required to do so. If not insured, any indemnification shall be an administrative cost of the Association as established in Article VII.

ARTICLE IX

Amendment of Bylaws

Section 1. These Bylaws shall be amended by a majority of each class of Members with notice at the Annual Meeting or a special meeting of the Members called for that purpose, provided, that the Board of Directors may adopt an interim change in these Bylaws if required by law or emergency, but such interim Bylaw must be approved by a majority of each class of Members attending the next Annual Meeting. Any changes in the Association's bylaws must be reviewed and approved by AMS