



Mexican Hass Avocado Importers Association
Annual Board Meeting Minutes
September 9, 2014

Place

AFM Headquarters
Las Colinas, Texas

Time: 8:00 AM – 3:00 PM

Board of Directors:

DIRECTORS

Ed Figueroa	Chairman (p)	Importer
Ricardo Vega	Vice Chairman (a)	Packer
Giovanni Cavaletto	Secretary (p)	Importer
Adrian Iturbide	Treasurer (a)	Grower
Jorge Hernandez	Director (p)	Importer
Carlos Genel	Director (p)	Producer
Doug Meyer	Director (p)	Importer
Antonio Villaseñor	Director (a)	Packer

ALTERNATES

Gahl Crane (p)
Ygnacio Valerio (p)
Rob Bertels(p)
Martin Mendoza (p)
Gary Caloroso (p)
Victor Barragan (a)
Jimmy Lotufo (p)
Sergio Paz (a)

AMS: _____

Veronica Douglas
Victoria Carpenter

Officially Present: _____

Armando Lopez	Ramon Paz
Dolora Sillman	Ron Lopez
Ron Campbell	Maggie Bezart
Alvaro Luque	Kevin Hamilton
Natalia Arias	Miguel Molina
Stephanie Browder	Stephanie Bazan
Kevin Brosch	

Members

Rito Mendoza	Dionisio Ortiz	Jim Donovan
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Guests: _____

Emiliano Escobedo	Ignacio Gomez	Juan Manuel Campos
Jesus Eduardo Naranjo		

At 8:00 AM, after initial introductions, Ed Figueroa took the roll call and established a quorum. Afterward he presented the minutes from the June 10, 2014 board meeting.



Adrian Iturbide motioned to approve the minutes and the motion was seconded by Antonio Villasenor. All were in favor.

Then Ed introduced Adrian Iturbide to provide the Treasurers Report. As of Sept 7, 2014 MHAIA's bank balance is \$7,089,245, inclusive of 23.6K in outstanding checks. The gross August assessment is estimated at \$1.1M and the AFM contribution of \$2 M.

Antonio Villasenor motioned to accept the treasury report, which was seconded by Giovanni Cavaletto. There was no objection.

Ron Lopez provided the independent auditors report and the MHAIA and AFM combined schedule of financial position.

Total assets = \$11,588,641

Total liabilities = \$1,425,127

Total net assets = \$10,163,514

There were no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period and there were no significant audit findings. The report can be made available upon request.

Marketing Representation on the JEC:

Because of his experience and commitment to avocado marketing, Ed Figueroa motioned to nominate Mike Browne as Chairman of the AFM Joint Marketing Committee. Adrian strongly supported the idea. All voted in favor of the motion.

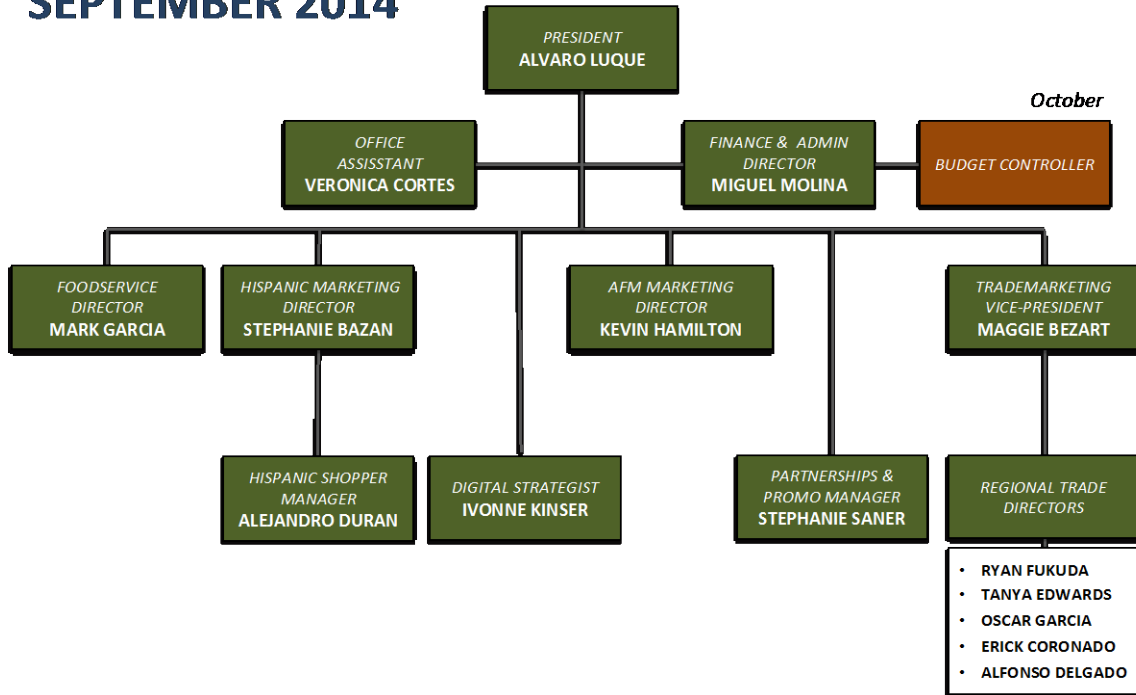
AFM Budget Update and Marketing Presentation:

Alvaro Luque presented AFM business overview including:

- AFM update organizational chart. The planned team is in place and the final position will open in October for the Budget Controller.



AFM TEAM SEPTEMBER 2014



- Employee benefit program, insurances and accounting are live and under AFM control.
- Employee Handbook is ready to present and be signed by the employees. Veronica Douglas mentioned that the document has to be approved by AMS before the official distribution. AFM will send a digital version to AMS for approval.
- AFM hired Muskin & Farmer Law Firm to work on our trademarks and copy rights opportunities. Currently we only have the AFM brand and logo trademarked and we need to protect the rest of our brand assets. Alvaro will lead this process with the law firm. Based on a previous decision all trademarks and copy rights will be registered under APEAM's name and Alvaro will work with Kevin Brosch to create and sign a legal document to allow AFM/ MAHIA the perpetual use all those assets without any associated cost.
- AFM is working to develop a production HUB in Latin America to move our brand production projects there and save money for the company without sacrificing quality. The first project will be pictures, where we will take 200 recipe shots for the website with a cost per picture of less than \$500 compared to an regular to over \$3,000 per picture. Alvaro and Kevin Hamilton are working together on a



quote to produce 3 TV ads in Latin America using the HUB. The projected savings are \$1,650,000.

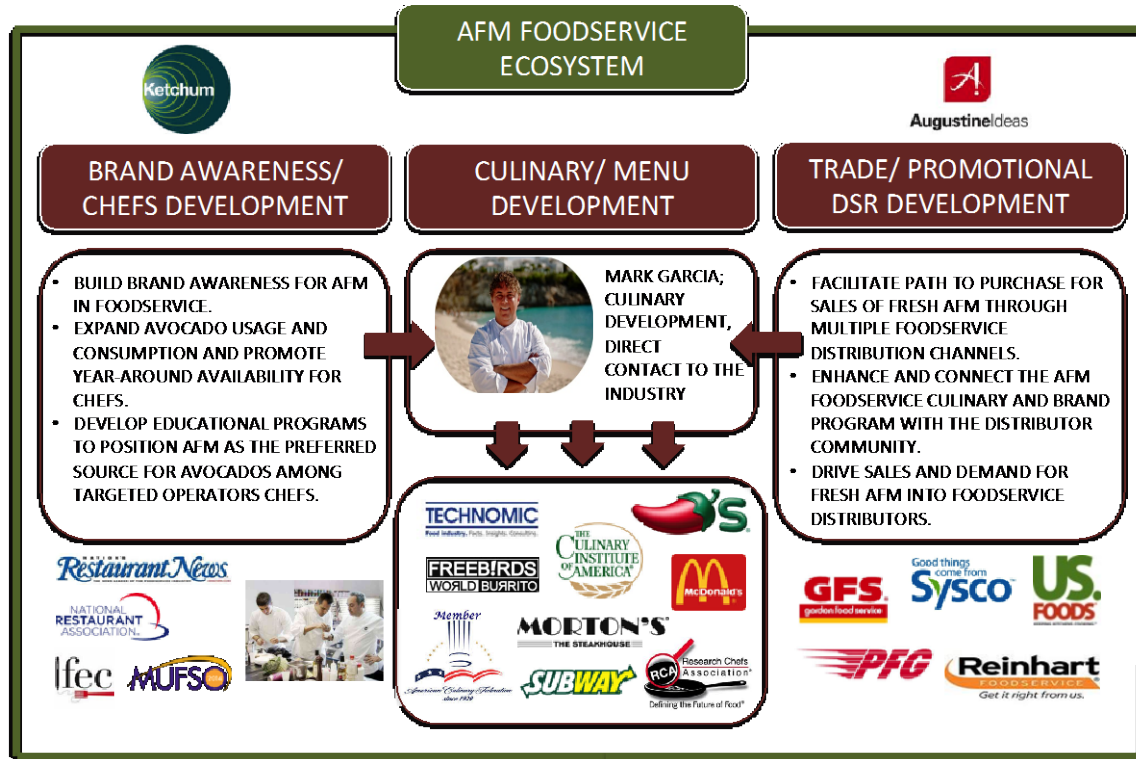
- AFM presented the results on the AFM character consumer research. As a general conclusion the character has good potential as a fun asset that reinforces our Mexicanity approach and it's a good fit for our brand. On the other hand it has no relevance right now due to low consumer awareness. The proposal is to include the character in situations where we have consumer interaction and CTA's (POS, Promotions, Social Media, Website) and avoid using him in TV communication with recipe shots. The Board agrees and Alvaro will work and present a "Look & Personality" guideline book for our character to be ready in December 2014.
- Website status: we will have a beta version to show in PMA and will have the official launch by mid November 2014. AFM will have 4 state of the art websites completely responsive for every type of device (General Market, Hispanic, Trade and Foodservice)
- Alvaro showed the PMA booth featuring the new "Made With Love" campaign and activity program including food plan concentrated in the four core uses and the presence of the Mexican soccer icons that were part of our Hispanic promotion: Pavel Pardo and Jorge Campos.
- The fruit labeling program was presented, based on the previous discussions and agreements with the JEC Board. Plan includes a \$2 million incentive plan a year for the first 24 months of the program. The proposed incentive will pay \$2 dollars per every 1.000 branded stickers printed. APEAM will pay the incentive in Mexico and will charge it back to AFM as part of our promotional budget. The Board agrees to move forward and Alvaro will go to Mexico to meet the packers and present this program. Veronica Douglas states that AMS needs to approve the incentive plan to be part of our regular budget. AFM will send the proposal to AMS for approval. The Board recommends that we should establish some minimum size requirements in our branded sticker manual and we should communicate to the packer community that the program is completely voluntary.

Foodservice:

Mark Garcia presented AFM's Foodservice plan for 2014- 2015, including business strategy based on three pillars: Brand Awareness & Chefs Development using Ketchum as a partner, Promotional DSR Development using Agustine Ideas as a partner and Culinary/ Menu Development lead directly by AFM:



AFM FOODSERVICE RESOURCES



Mark presented the Avocado Green Marble as our main innovation for this year's plan. This program will include advertising, events, publicity, sales kit and digital platforms.

As part of the promotional plan in Foodservice, Mark presented the status on our current leads with Sysco, Reinhart, Chilis, Cheesecake Factory and Freebirds. AFM team will be meeting with Sysco in the following days to develop a joint growth plan for the category. For Chilis, the team is working on a promotional plan and culinary development for the football season and Q1 2015.

Trade:

Stephanie Browder and Maggie Bezart presented the status on the trade plan including:

- Seasonal Promotions calendar update:
 - o Hungry For Football Oct to Dec partnering with Conagra's Rotel.
 - o Guac Fiesta Dec to Jan partnering with General Mills' Old El Paso.
 - o Fanwich Feb to Mar potentially partnering with Mission Foods.
 - o Ultimate Mexican Party Apr to May potentially partnering with Heineken's Dos Equis and Sauza Tequila.
 - o Summer Salads May to Jun



- Alvaro explained the need for a company policy that defines the capabilities for potential partners with AFM and needs an agreement from the Board to be able to partner with spirit brands like Sauza. The board believes that AFM could partner with liquor & spirits brands when it makes sense as a positive business opportunity.
- Maggie presented Inmar as our new vendor to allow AFM to own a coupon process. We have seen a lot of excitement from the trade on produce focused coupons that will open the door to additional secondary placements. AFM is testing Inmar for the first time with our Hispanic Heritage promotion through our agency Augustine Ideas. Veronica Douglas mentions that AMS would like to be involved and informed in this process.
- Maggie presented the agreement with Category Partners to get a web based information portal using IRI that will have custom views and reports, plus some specific top account reports for our trade team use with their clients. We will have our portal live for the first time in PMA.
- Maggie presented some special trade and merchandising programs that AFM will implement this year, including a permanent display unit that we will showcase in PMA and two experiential programs that the team is working to develop with HEB for guacamole and Kroger with Deli sandwiches. Alvaro asked Dolora if these permanent displays could be amortized and they can. AFM and Dolora need to work together in this matter to understand how the process could work and the potential benefits of it for AFM.

General Market Consumer:

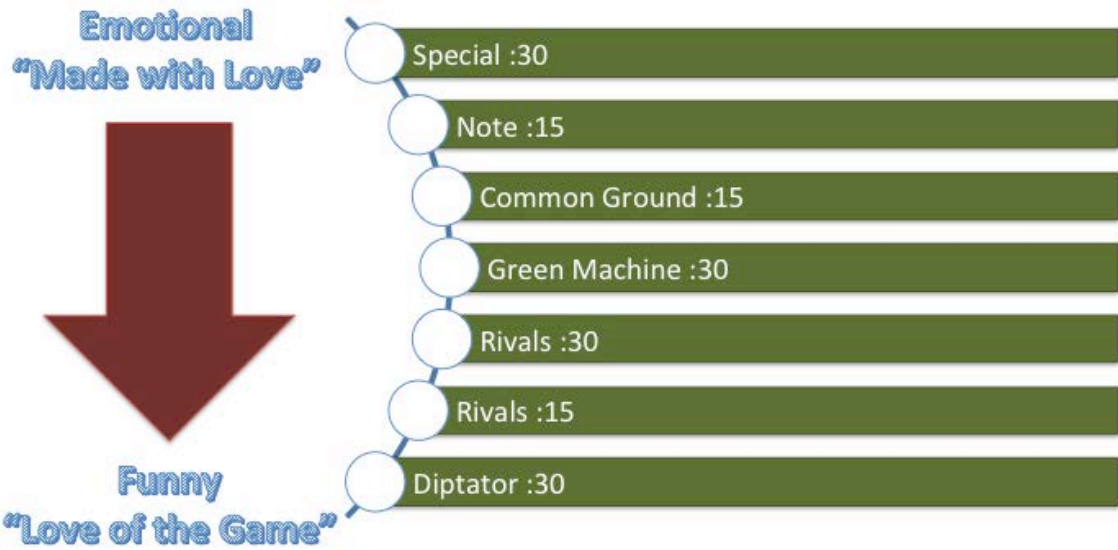
Kevin Hamilton presented the status of the General Market consumer program including the following:

- Communication plan and strategy for AFM for this new fiscal year. Based on our media flowchart we will air over 2,000 TV spots from October 2014 to May 2015. AFM will generate over 1.6 billion impressions with this new media plan, 58% more than last fiscal year with a 29% lower CPM thanks to the effective media planning of the team and the agency.
- Super Bowl: ad is signed and secured with NBC on a premium placement as the last spot prior to the game's second quarter. We have also secured a pre game spot of 30' or two 15'. The cost for all those two ads was negotiated down to \$4.2 million with a measurable media value of \$7.1 million.



- Super Bowl ad pitch is up and running having three final agencies participating: Arnold, SRG and GSD&M. Other 7 agencies were invited but most of them declined to participate based on our testing methodology or our available working budget. Participating agencies presented their concepts on Friday Sep 5 and we chose three ads to go into consumer testing with Millward Brown. We are expecting our consumer testing results by the end of October and we are in planning to have our campaign ready by the first two weeks of January 2015.
- AFM will no longer participate in the Miami Beach Bowl sponsorship. Kevin explained to the Board that the NCAA recommended not to partner with AFM due to the negative media news that appeared at the beginning of this calendar year. For the last two weeks, AFM has been working with Havas to recuperate the media impression lost on the MBB deal with an investment in two digital platforms: GoGoGab and Viral Gains that will go live around Super Bowl time.
- AFM will launch Fanwich promotion right after the Super Bowl to support sales in this period of time that usually has an important drop. Fanwich is a multi-layered promotion that will have a national consumer activation combined with a trade promotion.
- AFM will launch its Made with Love campaign tested and approved by consumers, by mid October. The “love” concept will extend from the love and dedication of the growers and family to the love of our consumers for avocados and sports. For this, we will produce 7 different ads or versions that will be present in the different media platforms included in the plan.

How the spots AFM is produce fit on the “Range of Love”





- AFM produced the first 4 ads in Mexico and will produce the other 3 ads in Latin America using the production HUB that's is in development. Kevin explained the thought process on the HUB and the details on the projected savings:

On Track and Achieving Great Savings While Receiving More Assets			
2013- 2014 CAMPAIGN	2014- 2015 CAMPAIGN U.S. PRODUCTION	2014- 2015 CAMPAIGN MEXICO	2014- 2015 CAMPAIGN MEXICO + HUB
<ul style="list-style-type: none"> • Arnold produced 7 animated ads and 2 promotional adaptations for new campaign. • Eight 15" ads and one 30" • All production in the U.S. • No talent or rights. • Quality...? 	<ul style="list-style-type: none"> • Developed 7 filmed ads to bring back emotional and taste appeal for AFM. • 4 30" ads, 2 15" and a 15" adaptation. • Top quality • Arnold quoted all of them in the U.S. 	<ul style="list-style-type: none"> • Pushed Arnold to move production outside USA investigated over 6 countries • Decision: produce ads in Mexico with Arnold/ U.S. Director 	<ul style="list-style-type: none"> • Keep 4 ads with Arnold in Mexico @cost of \$870.000 • Developing a low cost production HUB partnership with creative resources out of Costa Rica through BBDO agency and Red Creek production. • U.S. Director, DP and key talent. • Current quote 3 ads in Argentina for AFM @ cost = \$275k
\$780.000	\$2.800.000	\$1.400.000	\$1.150.000



- AFM presented the print campaign for this fiscal year including four executions concentrated in the avocado core uses we are trying to reinforce: guacamole, sandwiches, salads and snacks.

A YEAR-ROUND FIESTA.



Every get-together should have mucho flavor. Make sure of it with Avocados From Mexico, the only avocado available all year round, grown with love and dedication. The next time you're in the mood for a fiesta, make it a little more special with the top-selling avocado brand in the U.S.




ADD SOME AMOR.




They're every meal's tastiest origin, because only Avocados From Mexico are available all year round, grown with care and dedication. The next time you're crafting lunchtime sandwiches, make them a little more special with the top-selling avocado brand in the U.S.




NÚMERO UNO.



Want a faster salad? "Si," then reach for Avocados From Mexico, the only avocado that are available all year round, grown with love and dedication. The next time you're crafting a salad, make it a little more special with the top-selling avocado brand in the U.S. Taste that's unbeatable.



HOLA, SUPER-FOOD.



Welcome to where healthy meets delicious. Only Avocados From Mexico are available all year round, grown with love and dedication. The next time you're whipping up a snack, make it a little more special with the top-selling avocado brand in the U.S.





Hispanic Consumer:

Stephanie Bazan presented the Hispanic consumer media campaign including videos with Maggie Jimenez and print executions. The Hispanic campaign will be based in the concept of “Echale” (Add) that will remind the Nueva Latina target to add avocados to their meals to keep their families healthy and close to their heritage.





New Business:

Fraud, Code of Conduct and Ethics policies were distributed to the board members for signature.

Adjournment:

There being no other new business Antonio Villasenor motioned to adjourn and Doug Meyer seconded the motion. All were in favor.

Respectfully Submitted,

Ron Campbell, MHAIA Executive Director

I certify that the above is a true and accurate statement of the September 9, 2014 MHAIA Board of Directors Meeting.

Giovanni Caveletto, MHAIA Board Secretary