



Mexican Hass Avocado Importers Association
Board Meeting Minutes
September 29, 2015

Place

AFM Headquarters
Las Colinas, Texas

Time: 10:00 AM – 4:00 PM

Board of Directors:

DIRECTORS

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

ALTERNATES

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

AMS: _____

Veronica Douglas

Officially Present: _____

Armando Lopez	Kevin Hamilton
Ramon Paz	Mark Garcia
Mike Browne	Stephanie Bazan
Dolora Sillman	Stephanie Browder
Ron Campbell	Miguel Molina
Alvaro Luque	Ron Lopez
Kevin Brosch	Dennis Crowley
Maggie Bezart	Miguel Barcenias

Members

Luke Sears	Jon Ullrich	Gerardo Huerta
Russell Faulks	Marco Hernandez	Juan Bentancourt
Phil Henry		

Guests: _____

Emiliano Escobedo



At 8:00 AM, Mike Browne, Chair of the Joint Marketing Committee, convened a meeting to review current AFM marketing activities and an incremental budget increase was discussed. A figure of \$4.7 million for added promotion and merchandising activities was recommended for consideration.

At 10:20 Chairman Ed Figueroa called the MHAIA annual meeting to order, took the roll call, established a quorum and emphasized the antitrust policy.

The minutes from the May 20, 2015 board meeting were considered for approval. Jorge Hernandez motioned to approve the minutes, which was seconded by Antonio Villaseñor. The motion passed unanimously.

The Treasurers Report was circulated for consideration.

MHAIA Treasurer's Report:

Bank Balances (Page 3)

Bank Balances as of September 25, 2015, \$5.69MM

The total adjusted cash balance as of September is \$9,073,820.38, and net of outstanding checks -\$77,977.94.

The difference between the bank and book balance is the restricted CD –sweepstakes of \$8,062.12.

Combined Statement of Activities and Changes in Net Assets (MHAIA and AFM) -(July 1 to September 30,2015-Page 5

Estimated volume of - 378,418,504 pounds is 24.20% of the approved budget volume of 1,563,745,783 pounds for the FY 15-16.

Operating revenue and other support total of \$13,942,464 or 27.72% of the total approved contribution for FY 15-16 of \$50,301,611.

Total Expenses of 8,404,597 or 16.30% of the total approved budget of \$51,563,617

Net change in assets-\$5,537,866 Total

Statement of Activities and Changes in Net Assets (MHAIA only)-July 1 to September 30,2015-Page 6

Estimated volume of - 378,418,504 pounds is 24.20% of the approved budget volume of 1,563,745,783 pounds for the FY 15-16



Contributions : Total \$8,141,176 or 24.28% of the total approved contribution for FY 15-16 of \$33,530,311:

Expenses total \$6,407,683, to AFM marketing of \$6,231,000 or 18.63 of budget, Mhaia marketing of \$78,161 or 18.28% of total budget and admin of \$98,522 or 34.27% of total approved budget.

Net change in assets = \$1,733,493.

Page 7 Statement of Financial positions

Total assets of \$11,903,698

Total Liabilities and Equity \$11,903,698

Page 8 Statements of Cash Flows

Cash at the end of the period \$9,081,883

After the presentation, a number of budget scenarios were discussed. Because of a larger than usual fall program, Antonio Villaseñor motioned to amend the budget to increase the volume from 1.56 to 1.7 billion lbs. As a result, Jorge Hernandez motioned to increase MHAIA's contribution to AFM by \$4.8 million for marketing and promotion activities based upon the morning's earlier Joint Marketing Committee presentation.

Upon conclusion, Doug Meyer motioned to accept the Treasurers Report, which was seconded by Ricardo. The motion carried unanimously.

Following the Treasurers Report, Ron Lopez was introduced to present the combined Financial Audit. The Audit can be made available upon request.

Upon completion of the presentation, Jorge Hernandez motioned to accept the audit and Adrian Iturbide seconded the motion. The motion carried unanimously.

Finally, Miguel Molina, AFM Finance Director presented the AFM / MHAIA document retention policy for board approval. Adrian Iturbide motioned to accept the policy that was seconded by Antonio Villasenor. The motion carried unanimously.

Election Results:

On Monday, June 1, an announcement was sent to eligible MHAIA importers about upcoming elections where two open importer Director seats and three alternate seats were available. Importers were advised that nominations for these seats should be returned to our independent auditors office no later than Wednesday July 1, 2015.



The top two candidates with the highest number of votes to fill the Director seats are Mike Browne from Calavo and Luke Sears from LGS Specialty Sales.

There was a five-way tie and a subsequent runoff election to fill the remaining three alternate seats. A runoff ballot was mailed to the membership with instructions to return the ballot to Gruber and Associates by close of business Tuesday, September 1.

Because sitting Alternate members are eligible to run for vacant seats, Gary Calaroso from Giumarra was nominated to run for Director but received only enough votes to fill the first two year alternate seat. Giovanni Cavaletto from Index Fresh will fill the second two-year alternate seat. Alfredo Rodriguez from Agroexport will complete the one-year term of the alternate seat vacated by Gary Calaroso and Jon Ullrich from Henry Avocado will complete the one-year term vacated by Jimmy Lotufo earlier in the year.

APEAM held a separate election to fill two open grower and packer seats. Ricardo Vega was elected as the delegate to MHAIA from APEAM representing the packers and his alternate is Ygnacio Valerio and Carlos Genel was elected as the grower delegate to MHAIA with Victor Barragan as his alternate.

Therefore, the new 2015-16 Board of Directors for MHAIA is below:

Importers		Term Expires
		September:
Mike Browne	Director	2017
Gary Calaroso	Alt	2017
Luke Sears	Director	2017
Giovanni Cavaletto	Alt	2017
Jorge Hernandez	Director	2016
Alfredo Rodriguez	Alt	2016
Doug Meyer	Director	2016
Jon Ullrich	Alt	2016
Growers / Packers		
Ricardo Vega	Director	2017
Ygnacio Valerio	Alt	2017
Carlos Genel	Director	2017
Victor Barragan	Alt	2017
Antonio Villaseñor	Director	2016
Sergio Paz	Alt	2016
Adrian Iturbide	Director	2016
Martin Mendoza	Alt	2016



Following the election, nominations were accepted for officer positions.

Mike Browne nominated Ricardo Vega as Chairman and Antonio Villaseñor seconded the motion. There were no objections and the motion passed unanimously.

Following this, Ricardo requested nominations for Vice Chairman. Adrian nominated Jorge Hernandez and the nomination was seconded by Carlos Genel. The motion passed unanimously.

Antonio Villaseñor nominated Mike Browne to be treasurer and Adrian Iturbide seconded the motion. The motion passed unanimously.

Finally, Antonio Villaseñor nominated Adrian to be Secretary and this motion was seconded by Ricardo. The motion passed unanimously.

As a result of these elections, Ricardo Vega and Mike Browne will replace Ed Figueroa and Adrian Iturbide on the AFM board of Directors. In addition, Adrian proposed Gary Caloroso to assume the position of Director on the AFM board as the marketing representative from MHAIA. Mike Browne seconded the nomination and all were in favor.

After adjourning for lunch, AFM CEO Alvaro Luque presented the AFM marketing update.

Super Bowl Ad:

AFM ad is confirmed to air in the first commercial cut after kickoff. Super Bowl deal included a 30 second ad with secure placement with a net cost of \$4 million (7% below the regular market price) plus a CBS match of \$2.7 million. Total commitment is \$6.7 million that is 25% below NBC's deal giving us more flexibility and effectiveness in our general media buy.

2015- 2016 TV/ Print Campaign:

Content of the Ads: – From here to Dec we are running the updated ads from last year and the new Rivals ad. New campaign will be ready in January 2016. The streaming AFC game will feature the new campaign.

We have two parallel media programs, one that runs with the football season from Sep 2015 to Feb 2016 and the other one that has a more female and family focus that will run from Aug 2015 to May 2016. This year we will include a new program in PBS" American Test Kitchen that a multi- media component including TV, radio and digital. Focus will be in driving brand awareness plus education messaging.



Our media campaign started in August and will go through May and will include our two big hits: Thanksgiving Macy's Day parade (Nov 2015) and Super Bowl (Feb 2016).

This is the final Media calendar for TV:

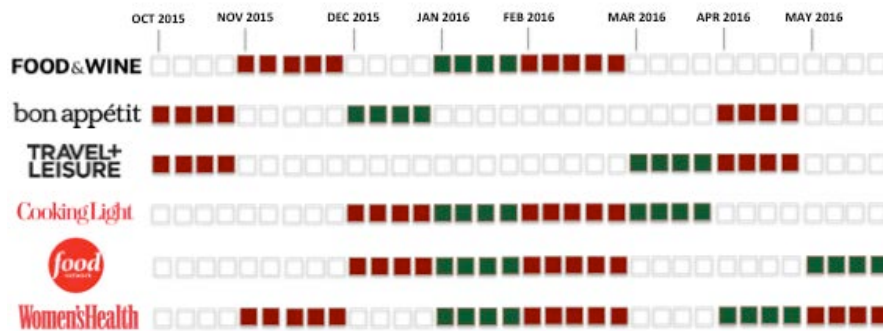
BRANDING
TV MEDIA PLAN

14/15: 682K IMP & \$15.9 CPM
15/16: 936K IMP & \$11.4 CPM



Print: Based on last year's learning, print will be focused only on 6 partners that have digital extensions; 23 ads will run from Oct-June.

BRANDING
PRINT MEDIA PLAN



Digital



Have a robust plan on digital. Ivonne explained that we are tagging every digital activation on our website that will help us build our own consumer database for the future. Every user that interacts with any of our pieces we will have in our brand funnel.

New Creative

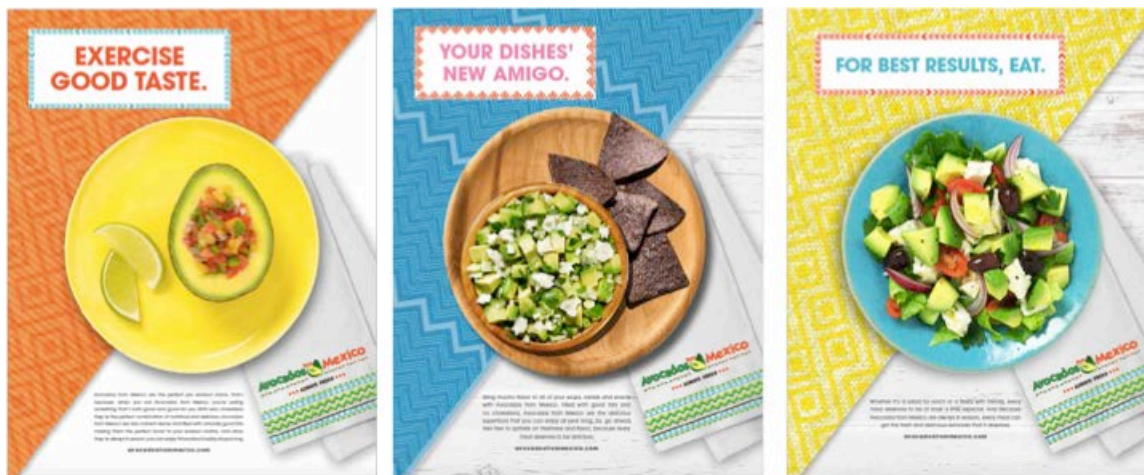
Alvaro and Kevin presented the results on our most recent brand tracker. We are showing very positive results in our brand main KPI's, including brand awareness and Brand Preference where we take the lead for the first time in the avocado category.

Made with Love campaign showed very positive results, reinforcing our brand recall and our key brand messages. Based on that we are taking the main base of MWL and evolving into a new creative concept called "Always There". Alvaro presented to the Board a video explaining the new Always There concept and the new ad executions that were tested with the consumer with very good results. We will move forward and produce those ads to have them ready for 2016.

AFM still needs to do a final consumer testing on the football ads for 2016. Results will be ready to review in Oct 2015.

Production will take place at the end of 2015, probably outside of the U.S. to have a more efficient cost per second. Total production budget is estimated in \$965,000 and will include two brand ads, two football ads, one Cinco de Mayo ad and one summer ad.

Kevin presented the new creative on print ads that will be focused on three communication areas (based on the media partner): Health & Wellness, Epicurean and Lifestyle.





Miguel Barcenas posed a question around the role of Avo Man and his elimination from print ads. Alvaro explained that he presented a strategy on Avo Man to the Board in Feb 2015 whereby we are taking him out of any media but will use him when we need a stronger call to action to the consumer in specific trade and digital activations. His role and use is present in the new AFM Brand Book that was released some weeks ago and shared with all our agency network.

Branded Stickers

Alvaro confirmed that the branded sticker program is working and will have stickers in the market in the following weeks. We have 12 packing houses confirmed in the programs and 4 of them have already approved their sticker design: Aztecavo, Iscavo, Calavo and Ramon Valencia.

Education Program

Stephanie Bazan presented the new in store educational program to be launched in Q4 2015. The program includes educational signage, generic branded bins, interactive signs and customizable signage for specific clients. The team projects a placement of 18,500 educational materials with an investment of \$552,000 in this program that will be \$372,000 over the original budget.

EDUCATIONAL SIGNAGE (mix n match)	BRANDED BINS	INTERACTIVE SIGN	CUSTOM SIGNAGE
			
Project Qty: 10.000 Projected Cost: \$97k	Project Qty: 7.000 Projected Cost: \$364k	Project Qty: 1.000 Projected Cost: \$69k	Project Qty: 500 Projected Cost: \$25k
TOTAL PROJECTED COST: \$552K INCREMENTAL BUDGET: \$372k			

Kevin presented the new education program with Sesame Street that includes the production of six videos with SS characters and our two brand ambassadors: Pati Jinich and Maggie Jimenez. Videos will be produced in Oct 2015 with an investment of \$540,000. The program will launch in Jan 2016 with a 6-month PSA push and a digital campaign for General Market and Hispanic consumers.



Avo Lifestyle

Ivonne presented our new digital platform Avolifestyle dedicated to reinforce our health & wellness message to consumers. The platform will include a partnership with Evolution Nutrition to create customized meal plans and with Under Armour as a first ever promotional partner of their biggest platform MyFitnessPal. We project that this partnership will bring close to 100K new customers to our working database.

Avolifestyle will include six new sections and will launch in Oct 2015 during our PMA show.

AYSO

Mike Browne asked for a status update on AYSO. Alvaro explained that the contract was signed 2 weeks ago with AYSO and that the Hispanic agency contract was signed as well. Bazan explain that the plan is in development specifically concentrated in So Cal.

Macy's Parade

Kevin explained difficulties in working with Macy's. One thing that was pointed out was that our :60-:90 script read would not be a guarantee in our contract for Act of God issues that are not in control of NBC network. Macy's Thanksgiving Parade is the second most watched TV show in the U.S. behind the Super Bowl.

He presented the float concept based on the idea of a Casa Fresca Café:



Mike commented that we should feature darker skin on the avocado. He also suggested placing a RIPE sticker on the avocado.

Flex Funds



Based on the strong volume we have seen in the first months of this fiscal year, the trade team has been putting out a lot of extra promotional support in the market in a time frame that we were not expecting. This caused an important shift in our flex funds and the company needs an additional investment to cover our flex fund activity through June 2016.

Maggie presented a proposal for **\$1.715 million** on additional flex funds that includes: \$33k to cover some additional late support on our Summer Program for 2015, \$125k to support new accounts, \$309k to support existing growing accounts and \$1.166 million to reinforce our Summer Plan for 2016.

Seasonal Programs

Stephanie Bazan presented our updated Seasonal Program calendar with confirmed partners:



We changed the sell in strategy for this program to try to push the number of displays in stores. So far the strategy is paying off, in the first three programs we have sold in 26,800 bins, 49% over planned and 204% over last year.

Based on this new strategy, Stephanie presented a new projection for additional funds to cover this incremental production and placement of branded displays. The objective is to place more than 82,000 displays this fiscal year that is 67% over YA. Additional investment needed is \$1.344 million:



BUD: \$655K REAL: \$788K	BUD: \$152K REAL: \$292K	BUD: \$985K REAL: \$1.117M	BUD: \$688K PROJ: \$869K	BUD: \$598K PROJ: \$808K	BUD: \$355K PROJ: \$902K
ADDITIONAL INVESTMENT OF \$1.344.000 TO BUY AND SHIP THE TOTAL PROJECTED NUMBER OF BINS AND POS KITS.					

Stephanie presented AFM’s merchandising program including the new Eco Display and Bag Racks. Based on our trade team projections we think we can allocate 8,750 units into the market that will represent an incremental budget of \$643,000:

WIRE RACK	ECO RACK	2 PRONG AVO BAG RACK	3 PRONG AVO BAG RACK	AVO BAG FULL STAND
Projected Qty: 750 Projected Cost: \$70k <i>(shipping cost only)</i>	Projected Qty: 1.000 Projected Cost: \$336k	Projected Qty: 3.000 Projected Cost: \$175k	Projected Qty: 3.000 Projected Cost: \$220k	Projected Qty: 1.000 Projected Cost: \$142k
TOTAL PROJECTED COST: 943K INCREMENTAL BUDGET: \$643K				

PMA

Alvaro presented the plan for PMA where AFM will unveil it’s new double decker booth and will have a Brand Showcase Sunday morning where we will invite our top clients and partners to come and see our whole year programming in promotions, merchandising and educational materials.

Foodservice

Mark Garcia presented our new communication campaign “Four Seasons of Fresh” using the snow globe concept that will be present in events, ads and digital programs.



He also presented our most recent promotional plans including LTO's with Cheesecake Factory, UMASS, Sodexo and our advance conversations with Chili's, Del Taco and Which Wich. Plus he confirmed the kickoff of the first Regional incentive program for avocados with Sysco.

Mark presented the "Baseball Cut" as our new innovation technique that we will be pushing out the Foodservice community with support materials and programs similar to what we did for Green Marble.

Budget

Alvaro presented an allocation plan for the additional funds on the approved amendment.

INVESTMENT RECAP 2015-2016

	BUDGETED (000'S)	PROJECTED (000'S)	INCREMENTAL (000'S)
SEASONAL PROGRAMS	\$4.580	\$5.924	\$1.344
MERCHANDISING	\$550	\$1.470	\$1.117
FLEX FUNDS	\$3,075	\$4,790	\$1,715
PRODUCTION	\$600	\$965	\$365
FOODSERVICE LTO'S/ EVENT	\$240	\$490	\$250
ADMINISTRATIVE			\$102
TOTAL	\$8.805	\$13.389	\$4.791



New Business:

The next board meetings will take place on February 16 and 17 after the Superbowl.

After discussion there was no objection to Calavo entering into a contract with AFM to supply avocados for promotional efforts.

Ron stated that he will be working on changes to the election procedures to add volume into the set of criteria necessary to run for an elected board member seat.

Ron mentioned that he will be inviting an expert on China to speak during the next MHAIA meeting to provide insight into marketing avocados in that country.

Emiliano Escobedo, Executive Director of the Hass Avocado Board (HAB), updated MHAIA on the next round of their strategic planning process. Ricardo advised that there will be no changes to MHAIA / APEAM representation on the HAB.

Adjournment:

There being no other new business Mike Browne motioned to adjourn and Adrian 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 29, 2015 MHAIA Board of Directors Meeting.

Adrian Iturbide, MHAIA Board Secretary