



**AFM Board Meeting
Minutes
September 15, 2020**

Place:

Zoom Meeting

Board of Directors:
(All Present)

Gary Caloroso,	Chair
David Ruiz,	Vice Chair
Gabriel Villasenor,	Treasurer
Jaime Rivas,	Director
Jose Luis Gallardo,	Director
Jim Donovan,	Director
Armando Lopez	Director (ex-officio)
Ron Campbell,	Secretary (ex officio)

AMS:

Vicky Carpenter

Officially Present:

Alvaro Luque	Dolora Sillman	Michael Lemos
Kevin Brosch	Brad Barker	Miguel Molina
Kevin Hamilton	Stephanie Bazan	David Spirito
Ivonne Kinser	Becky Estrada	Ana Ambrosi
Tim Madigan	Matt Gonwa	Michael Thompson
Jack Ridge		

APEAM and MHAIA Members and Guests:

Sergio Chavez	Jon Ullrich	Jesus Domingo
Aaron Acosta	Rigo Perez	Miguel Barcena
Jorge Hernandez	Dave Billings	Gahl Crane
Gustavo Rivas	Giovanni Cavaletto	Peter Shore
Jorge Vallero Esquivel	Peter Shore	Elizabeth Ayala
Marco Hernandez	Jesus Calderon	Dave Billings
Ivan Alejandro Oseguera	Rigoberto Lemus	Gary Williams
Mike Chirico		

Roll Call and Minutes:

Chairman Caloroso called the meeting to order, took the roll call, established a quorum and introduced Kevin Brosch to read the antitrust policy to the board.

David Ruiz motioned to approve the minutes from our May board meeting and the motion was seconded by Jim Donovan. There was no objection.

Treasurers Report and Finance and Administrative Update:

ADMINISTRATIVE & HR UPDATE

Financial Statements

- Miguel M. presented the financial statements for AFM for the period ending August 31, 2020
 - **Contributions:** Total YTD APEAM and MHAIA contributions are matching our budget. However, we are listing a \$67.45K balance variance as MHAIA has not hired two positions.
 - **Spending:**
 - **Marketing:** Total spending is \$1.07 Million under budget or 19.8%. The Shopper and Trade Retail drive the favorable balance; however, contracts were recently signed, and we are still early in the fiscal year. AFM is expecting to catch up on Marketing expenses in the following periods.
 - **Administrative:** AFM is spending at a higher rate than budget due to APEAM's Avocado house. The total balance for the year is the same; however, per APEAM's request, we accelerated the payment rate. Once we exclude the Avocado House's net effect, administrative expenses are lower than budget as AFM's employees are not traveling as expected due to COVID-19 and MHAIA has not hired the two positions that were authorized by the Board.
 - **Change in Net Assets:** Due to spending at a lower rate than our budget, AFM presents a favorable balance in the change in net assets (net income).
 - **Financial Position:**
 - **Assets:** AFM is presenting a higher than budget Cash and Equivalent balance. This favorable balance is due to a reduction in expenses when compared to the budget.

- **Liabilities and Equity:** AFM is also listing a reduction in Total Liabilities due to lower than budget expenses and an increase in Total Equity due to a rise in Change in Net Assets (net income).

Contribution					Spending				
	Actual-YTD Aug 2020	Budget -YTD Aug 2020	\$ Change- Act vs Budget	PY19-Actual- YTD Aug 2019		Actual-YTD Aug 2020	Budget -YTD Aug 2020	\$ Change- Act vs Budget	PY19-Actual- YTD Aug 2019
MHAIA	\$ 2,652,685	\$ 2,652,684	\$ 1	\$ 3,088,689	AFM Marketing	\$ 1,173,559	\$ 2,401,601	\$ (1,228,042)	\$ 1,057,039
APEAM	\$ 2,653,678	\$ 2,653,678	\$ (0)	\$ 2,748,306	AFM Marketing Admin	\$ 937,461	\$ 1,102,437	\$ (164,976)	\$ 1,003,457
MHAIA					MHAIA	\$ -	\$ 67,457	\$ (67,457)	
Communications/Analy	\$ -	\$ 67,457	\$ (67,457)	\$ -	Communications/Analytics	\$ -	\$ -	\$ -	\$ -
Other income (Interest)	\$ 1,224	\$ 1,833	\$ (609)	\$ 1,384	Total Marketing	\$ 2,111,020	\$ 3,571,494	\$ (1,460,475)	\$ 2,060,496
Total contribution	\$ 5,307,587	\$ 5,375,653	\$ (68,065)	\$ 5,838,379	General Admin	\$ 2,233,918	\$ 1,845,015	\$ 388,902	\$ 1,637,112
% Variance			-1.27%	-9.09%	Total Expenses	\$ 4,344,937	\$ 5,416,509	\$ (1,071,572)	\$ 3,697,608
					% Variance			-19.8%	17.51%
Change in Net Assets					Financial Position				
	Actual-YTD Aug 2020	Budget -YTD Aug 2020	PY19-Actual- YTD Aug 2019		Actual-YTD Aug 2020	Budget -YTD Aug 2020	PY19-Actual- YTD Aug 2019		Actual-YTD Aug 2020
Net Change in Assets-C				Cash & Cash	\$ 4,240,287	\$ 3,951,627	\$ 3,638,189		
AFM	\$ 962,650	\$ (40,857)	\$ 2,140,770	Equivalents	\$ -	\$ -	\$ -		
Retained Earnings	\$ 590,624	\$ 503,902	\$ 610,573	Other Assets (AR/FA)	\$ 333,570	\$ 1,637,575	\$ 3,644,873		
Total Equity	\$ 1,553,274	\$ 463,045	\$ 2,751,343	Total Assets	\$ 4,573,858	\$ 5,589,202	\$ 7,283,062		
				Total Liabilities	\$ 3,020,584	\$ 5,126,158	\$ 4,437,133		
				Total Equity	\$ 1,553,274	\$ 463,045	\$ 2,845,930		
				Total Assets	\$ 4,573,858	\$ 5,589,202	\$ 7,283,062		

Accounting and Administration Update

- Miguel presented an update on the department's primary goals and objectives:
 - **System and applications:**
 - AFM completed the implementation of the **DocuSign CLM** Contract Management application.
 - AFM completed the enhancements to the Travel Management tool – **Concur** and incorporated new budget controls.
 - The team is working on updating its phone system and move to **Microsoft Teams**. Our target is to complete the transition by December 2020.
 - **Accounting Processes:**
 - We completed **the Financial Audit without any findings**. The external auditors completed the Audit in less than four weeks.
 - The accounting department is documenting its main **accounting processes**. They completed the Purchase Order cycle and will continue working on writing the procure to pay cycle.
 - **Business Intelligence (BI):** AFM completed the logical architecture and the data model of their BI model and began constructing their platform to centralize company data and its reporting structure.

- **IT Support:** AFM hired a Technical independent contractor to support the AFM team with computer issues. The new IT support was hired is at a lower hourly rate, and it will be fully dedicated to service AFM's employees. AFM is also implementing a help desk application to track all IT tickets and monitor customer service satisfaction.

Accounting and Administration Policies

- Miguel and Alvaro requested a motion to approve and submit eight policies to AMS. The Board approved all eight policies.
- Miguel will submit the eight documents to AMS for formal and final approval.

Policy	Status	Comments
1 Corporate Card Policy	Update	We made minor changes to the existing policy and an updated the Corporate Card Control Sheet to disclose our new Capital One Corporate card.
2 AFM Contracting Procedures	Update	We made minor changes to the existing policy to match our new electronic Corporate Contract Management application process.
3 AFM Social Media Guidelines for FY21	No Changes	There are no changes to this policy; however, AMS requires a formal Board approval every Fiscal Year.
4 AFM Accounting and Internal Controls Policy	Major Update	We are updating our 2013 Accounting Policies and procedures to match our current processes.
5 AFM Gifts Goodwill and Donations Policy	New	This is a new policy. AMS guidelines require us to have this policy in place.
6 AFM Record Retention Policy	New	This document replaces any previous version.
7 AFM Employee Referral Policy	New	This is a new proposed policy. The referral policy provides an incentive award to AFM employees when referring applicants to open positions.
8 AFM Cell Phone Policy	Update	We updated our existing policy to establish clear guidelines for cellphone and tablet units provided by the company.

Jimmy Rivas motioned to approve the new proposed policy amendments. The motion was seconded by David Ruiz and there was no objection.

Human Resource (HR)

Michael Lemos presented an update on AFM's HR initiatives.

1. Linkage coaching process for Cohort 3.0:

- Cohort 3.0 included six employees, and it is intended to continue helping our employees improve their leadership skillsets and performance. Our Linkage coaching will have three phases to ensure employees are entirely engaged.
- The first phase is completing a pre-360 assessment that includes the manager, peers, direct reports, and others. The second phase encompasses three coaching sessions for each participant and a development plan. The third phase wraps with a second 360 assessment with the same raters and one more coaching session to prepare people for the next steps.

4. Leadership Engagement training for managers:

- After we completed our engagement survey on March 15, 2020, we identified opportunities to improve the employee voice, autonomy, and work-life balance.
- To improve our work environment around the employee voice and autonomy, we will be starting a leadership training with DecisionWise to support improving our opportunities. We will also incorporate into this training on strengthening our core competencies and providing every leader with training on how to improve them and an action plan to improve our engagement survey.
- We will incorporate the MAGIC formula and an online learning tool with four sessions to help our leaders. Furthermore, the entire training will then be transferred to our employees to understand the initiatives and commitments and understand its commitment.

5. AFM Career Page, Intranet, and New Onboarding:

- We are creating an AFM career page to always recruit and continue building a potential future employee pipeline.
 - We will be creating a career page where candidates know about us, why should they apply with us, and create a positive experience to have people applying to AFM's open positions. The career page will be tied to our AFM website to have full alignment with our messaging and tone.
 - We will also be aligning our Glassdoor and LinkedIn accounts to keep driving traffic to both our company websites and help us move candidates back to our career page.
- AFM will create an intranet to drive engagement with our employees, communications, resources, and file sharing. Our company, HR, and the culture committee will live here. Our main brand will be our AFM Life with our HR department.
- The intranet will create a new onboarding process to manage the new employee experience better. We will be creating pre-onboarding and HR onboarding, a manager onboarding, and a booklet to smoothly handle this process.

6. Culture Committee: This year, a significant initiative will be to drive our culture committee through our fun times initiatives, community involvement, health and wellness initiatives, and internal marketing initiatives to help our employees. We will also be restructuring and finding ways to engage the company even more.

CORPORATE COMMUNICATIONS & CRISIS

Ana Ambrosi was presented as the new Associate Director for Corporate Communications & Crisis. Ana presented her work plan for FY21 focused in 4 key action areas:



Ana will lead the Crisis Committee for the company, integrating AFM with APEAM and MHAIA and including PR agencies and teams from both countries.

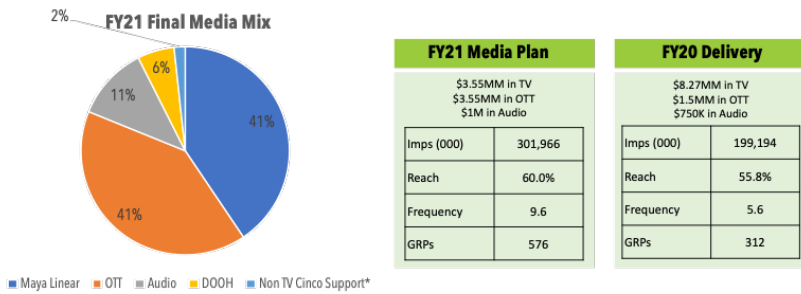
Ana presented the Corporate site Avocado Institute of Mexico that is ready to launch and it is only missing final ANS approval. The site will launch in Q4 2020, and was developed with a dual purpose:

1. To provide the industry with a digital **platform** that it can leverage to **manage sensitive issues**.
2. To serve in an educational and informational role in our **proactive promotional efforts**. All **outreach** will drive target audiences to the website to gather **positive information** about the industry.

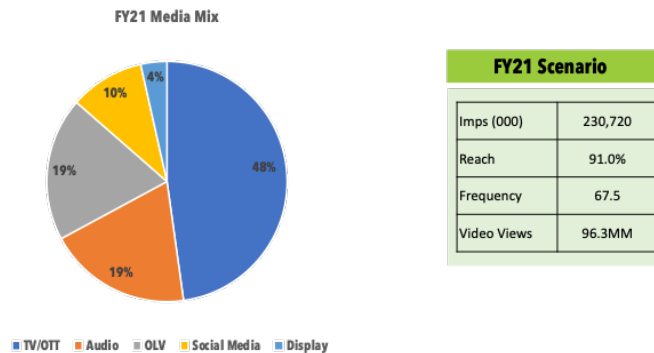
The positive outreach of the site for this fiscal year will be focused in three main topics: Apeam's Green Agenda, New Monarch Butterflies documentary and the Texas A&M Economic Report.

MARKETING UPDATE

Kevin Hamilton presented a status on AFM's consumer marketing program including the final media plan for FY21 that without the effect of the Super Bowl match its delivering better reach & frequency numbers and total impressions with 48% less investment:

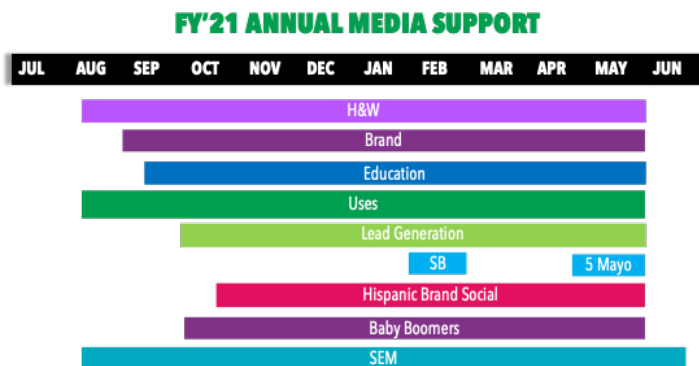


Kevin explained that for the Hispanic market, the TV buy will be concentrated 100% in OTT and the buy will be complemented by a stronger digital radio investment:



Kevin presented the development and launch of the Center of Intelligence for AFM that will use the historic AFM research database to develop the company Knowledge Center that will launch in this fiscal year.

Ivonne Kinser presented a status of AFM’s digital program including the updated media plan for FY21:










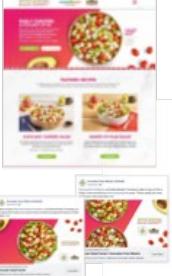

Ivonne presented the launch of Avocado Nation as the first digital community for avocado fans. Avocado Nation will launch in Q1 2021 and will have three main sections: Avo Studios, Avo Shopping Network and Avocado Nation Rewards & Loyalty program using OCR technology. For Avo Studios, AFM will be producing more than 125 videos through a partnership with MAX Platform and Atlas Obscura. For the Shopping Network, AFM will be creating a unique and collectible line of clothing that

will be used to drive consumer brand interaction in the site and their social media platforms.

Ivonne presented the new Health & Wellness creative concept approved by AMS that will concentrate in the key benefits of Good Fats and nearly 20 vitamins and minerals. The campaign will live in social media, digital media, search, registered dietitians and key shopper programs. For Hispanics, AFM will continue the partnership with Thalia and do a new production to have new content to launch a joint fitness channel for consumers in 2021.

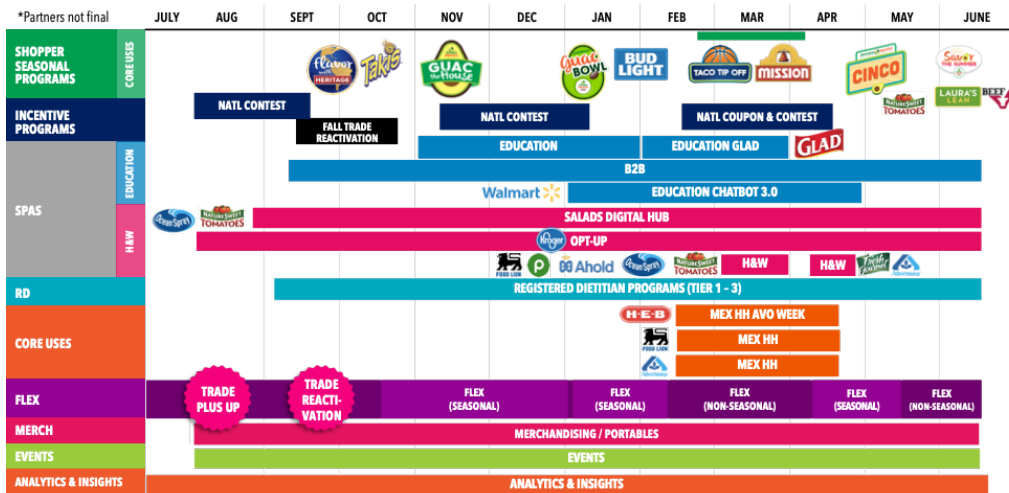
As part of the H&W platform, AFM will reinforce the Salad HUB program with the national partnership with Nature Sweet tomatoes and Ocean Spray.

Stephanie Bazan presented the shopper programs to support H&W including the partnership with Kroger on their Opt Up platform. The partnership includes branded signage in 1,000 stores, two national circular placements, co-branded digital posts in Kroger channels, bag displays and one national single subject email campaign with a targeted coupon play. On top of the Kroger program, Stephanie presented other programs in key retailers to sustain the health message throughout the year:

AHOLD & PUBLIX	FOOD LION	ALBERTSONS	DIGITAL SALAD HUB	REGISTERED DIETITIAN
TIMING: FEB - APRIL	TIMING: FEB - APRIL	TIMING: MAR - APRIL	TIMING: OCT - JUNE	TIMING: SEPT - JUNE
POTENTIAL PARTNER: 	POTENTIAL PARTNER: 	POTENTIAL PARTNER: 	POTENTIAL PARTNERS: 	
<ul style="list-style-type: none"> NewsAmerica Floortalk Recipe Books with Coupons 	<ul style="list-style-type: none"> NewsAmerica Floortalk Recipe Books with Coupons 			<ol style="list-style-type: none"> Avocado-A-Day Challenge New & Improved H&W Kits Centralized H&W Assets RD Eblasts RD Rewards 

To support education, Ivonne presented “Save the Avos”, a fully interactive digital program to provide consumers a hands-on training experience on how to pick, use, wash, preserve and ripen avocados. This program will launch on Q4 2020.

Stephanie Bazan presented an update on the shopper and trade programs for AFM including a detailed promotional calendar for the year:



Stephanie explained that AFM’s trade & shopper strategy this year is focused on reinforcing our promotional spend and programs in the first part of our fiscal year with a special program for late summer and fall. Part of this strategy includes a strong re-activation plan for September that includes 2.67 million coupons, loyalty programs on tier1-3 accounts, a National Volume Incentive plan and a reinforced Hispanic Heritage month promotion with Takis.

Stephanie presented an update on the seasonal program for OND Guac The House. The program includes a strong in-store activation, an incentive plan, a digital marketing program and an aggressive coupon placement program that rounds up to 11 million units:

1 LOYALTY PROGRAMMING	2 EDUCATION COUPON	3 COUPON TEARPAD
<p>Timing: November - December Product: Bulk and Bags Circulation: 5.5MM</p> <p>SAVE \$0.75 SAVE \$0.75 off THREE (3) Avocados From Mexico</p> <p>5.5MM COUPONS</p>	<p>National Coupon with Education messaging on coupons.com</p> <ul style="list-style-type: none"> Timing: October-Nov Circulation: 1MM Offer: \$0.75 off THREE (3) Avocados <p>1MM COUPONS</p>	<p>IRC Tear pads included in all Display Kits</p> <ul style="list-style-type: none"> Timing: October - December Circulation: 4.2MM (200 coupons per display kit, 400 coupons per pallet display kit) Offer: \$0.75 off THREE (3) Avocados <p>4.2MM COUPONS</p>

For Super Bowl, Stephanie presented the national program Guac Bowl that includes the partnership with NFL ex-players. At this moment the top choices for players are Troy Aikman and Tony Gonzalez. AFM will work in the following weeks to confirm these partnership deals. The Super Bowl promotion includes a comprehensive in-store branded program and a string digital campaign to take advantage of the game momentum and multiply the brand impressions in January- February.

Stephanie presented the promotional programs coming out of the Super Bowl including March Madness, Cinco and Summer where AFM will partner with top brands like Mission Foods, Bud Light, and Nature Sweet.



To support the Mexican handheld core usage, AFM will launch a Taco-themed promotional program with Albertsons and Food Lion before Cinco de Mayo. Stephanie also confirmed that HEB will repeat the avocado-week program on 2021 with a focus on taco recipes.

Stephanie presented and update on AFM's education strategy after the Covid-related research that was contracted to understand how to manage this campaign. Main company actions moving forward include:

- Communicate and educate consumers on how to keep avocados fresher longer.
- Get avocados in the pre-shopping list
- Reinforce education through Walmart as a key national partner
- Deploy in-store education campaign
- Capitalize education messaging on bags
- Launch B2B education platform

The Walmart education partnership is a year-round platform that includes an Ibotta rebate offer program, 2 waves of consumer engagement through the online pickup & delivery platform, branded strips on 4,000 stores, social media partnership and in-store demos in more than 1,500 stores. For the communication campaign in-store, AFM will partner with News America to deploy 14,600 floor talk stickers and cart signs in more than 9,000 stores for key Power Accounts like HEB, Albertsons, Food Lion and Ahold. The program will include also a DFSI with education messaging and 1 million coupons.

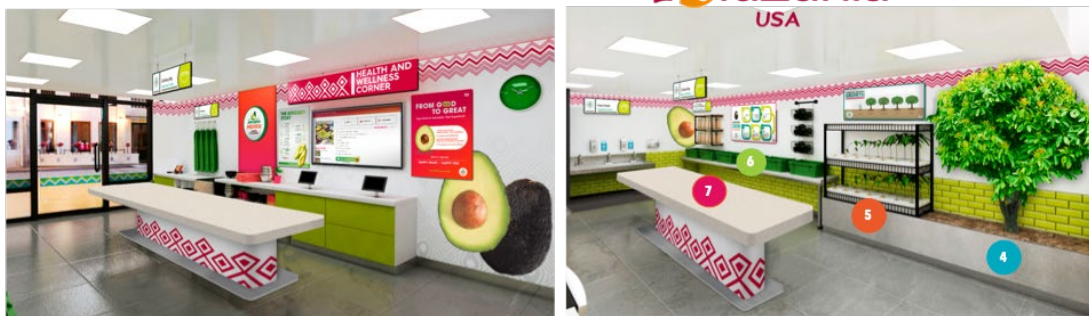
Stephanie presented the new bag national programs that will launch in November with Walmart & Costco:



Stephanie and David Spirito presented the new B2B Education Platform that will launch on September 15th. The tool was built to educate retail and foodservice clients and partners. The education tool is divided in six modules and for foodservice clients could work as a remote Avocado University for operators that cannot travel to our Culinary Center in Dallas.

Stephanie presented the final concept and designs for AFM’s experience in KidZania Dallas. The experience is meant to educate children and families in the usage and health benefits of avocados. The experience is projected to launch in Q1 2021.

EXPERIENCE OVERVIEW



David Spirito presented an update on AFM’s foodservice program including new upcoming promotions with operators like Your Pie, Mooyah, Rubio’s, Jason’s Deli, On The Border and others, and 5C partners like Sysco that is getting ready to launch an avocado sales incentive with their sales force and Fresh Point.

To maintain AFM’s fresh program, the team will launch the Fresh Seal website and will develop and Fresh challenge research to compare the freshness, consistency, appearance and flavor of fresh avocados and guacamole vs pulp and packaged branded guac. The results will be used to launch a campaign to support the use of fresh fruit validated by consumer data.

Upon completion of the marketing presentations, Chairman Gary Caloroso introduced representatives of the Cambridge Group to provide the Avocado Covid 19 Category Impact Assessment.

Finally, Gary Caloroso introduced The Partner Group to provide a fresh avocado e-commerce assessment and strategy.

New Business:

There being no new business, Jimmy Rivas motioned to adjourn which was seconded by David Ruiz. All were in favor.

Respectfully Submitted

Ron Campbell
Secretary, AFM

Adendum A:

October 12, 2020

Based on the agreement from the September 2020 MHAIA Board Meeting, Alvaro Luque and Stephanie Bazan presented to the AFM Board the following analysis:

- Thanks to the additional 200 million lbs approved in volume, plus some additional savings AFM had in FY19, Dolora Sillman projected that the total additional budget available for AFM is \$5,8 million.
- As agreed in September 2020, AFM will present a proposal to use a part of that additional budget leaving the rest as an additional reserve on MHAIA.
- AFM's proposed the use of \$3.4 million to reinforce the following programs:

INCREMENTAL TRADE FUNDING SUMMARY

1. Trade OND Plus Up	\$427,000
<ul style="list-style-type: none">• Incremental Loyalty Coupons (2.2MM) \$367K• InMarket & Walmart Test \$60K	
2. Super Bowl Plus Up	\$90,000
<ul style="list-style-type: none">• IRC Tearpads \$90K	
3. Post Super Bowl Loyalty Plus Up	\$608,000
<ul style="list-style-type: none">• Incremental Loyalty Coupons (3.2MM) \$558.5k• AFM/Cholula IRC/Display Program \$50k	
4. Merchandising	\$280,000
<ul style="list-style-type: none">• Sprouts Custom Display \$80K• Portable Merchandising \$200K	
5. Bag Program - 2nd Wave	\$600,000
<ul style="list-style-type: none">• Walmart/Costco \$600k	
6. Cinco Program	\$120,000
<ul style="list-style-type: none">• Incremental Displays \$120K	
7. Summer Program	\$445,000
<ul style="list-style-type: none">• Incremental Displays, Coupons and Digital \$445K	
8. Summer Mexico Commitment Program	\$230,000
	\$2,800,000

OND COUPON PLAN
CONFIRMED: 11MM
INCREMENTAL: 2.2MM
NEW TOTAL: 12.2MM

SB COUPON PLAN
CONFIRMED: 2.4MM
INCREMENTAL: 4.5MM
NEW TOTAL: 7 MM

**POST SB COUPON PLAN
(FEB-MAR)**
PLANNED: 6.3MM
INCREMENTAL: 4MM
NEW TOTAL: 10.3MM

INCREMENTAL NON-TRADE FUNDING SUMMARY

1. E-comm Plus Up	\$200,000
<ul style="list-style-type: none">• Special investment to include avocados in the shopping list• E-comm search program	
2. Super Bowl Plus Up	\$100,000
<ul style="list-style-type: none">• Additional digital funds	
3. Foodservice Plus Up	\$100,000
<ul style="list-style-type: none">• Incremental LTO budget	
4. Hispanic Production	\$100,000
<ul style="list-style-type: none">• Plus-Up Thalia production	
5. Innovation Program	\$100,000
<ul style="list-style-type: none">• Partnership with IDEO to develop AFM's Innovation Process	
	\$600,000

AFM Board approved the use of the amended budget.
Dolora Sillman will proceed to prepare and send the amended budget for AMS approval.