



**Mexican Hass Avocado Importers Association**  
**Board Meeting Minutes**  
**September 19, 2017**

**Place**

AFM Headquarters  
Culinary Center  
Las Colinas, Texas

**Time:** 8:00 AM – 4:00 PM

**Board of Directors:**

Growers / Packers

Ricardo Vega (Chairman)	Director	2017
Ygnacio Valerio	Alt	2017
Carlos Genel	Director	2017
Victor Barragan	Alt	2017
Gabriel Villaseñor (Secretary)	Director	2018
Jamie Rivas	Alt	2018
Mauricio Gonzalez	Director	2018
Fernando Torres	Alt	2018

Importers

Term Expires

Mike Browne (Treasurer)	Director	2017
Gary Calaroso	Alt	2017
Luke Sears	Director	2017
Gahl Crane(a)	Alt	2017
Jorge Hernandez (Vice Chair)	Director	2018
Robb Bertels	Alt	2018
Jon Ulrich	Director	2018
Giovanni Cavaletto	Alt	2018

**AMS:** \_\_\_\_\_

Vicky Carpenter

**Officially Present:** \_\_\_\_\_

Ron Lopez	Kevin Hamilton
Ramon Paz	Mark Garcia
Dolora Sillman	Stephanie Bazan
Ron Campbell	Miguel Molina
Alvaro Luque	Alfonso Delgado
Kevin Brosch	Ivonne Kinser
Stephanie Browder	Becky Estrada
Maggie Hall	Alejandro Duran
	Marc Hernandez



### **Members**

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David Ruiz Vega	Marco Hernandez	Fernando Garcia
Jose Alfredo Hernandez	Elizabeth Ayala	Woody Bell
Rigo Perez	Russell Faulks	Alfredo Rodriguez
Alfredo Rodriguez Jr.	Aaron Acosta	Adrian Iturbide

### **Guests:**

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Dr. Gary Williams                      John McGuigan

At 8:00 AM Chairman Ricardo Vega called the meeting to order, took the roll call and established a quorum. Following this Ron Campbell read the antitrust policy that was also distributed to the participants as part of the agenda. Following this, Mr. Vega requested comments on the May 23, 2017 board meeting minutes.

Jorge Hernandez motioned to approve the minutes and the motion was seconded by Gahl Crane. All were in favor.

The MHAIA and AFM accountant Ron Lopez from Gruber and Associates was introduced to provide the 2016-17 Annual Financial Audit and Independent Auditors Report. There were no findings noted for fiscal year ending June 30, 2017. The financial data and a detailed schedule of activities is contained in the Avocados From Mexico 2017 annual report ([www.mhaia.org](http://www.mhaia.org)).

Treasurers Report:

Total Consolidated MHAIA and AFM Cash balance is \$9.26M

The MHAIA total is \$4.2M, of which \$4.2M from MM account, \$47.6K from the operating account and \$8.06K from the Restricted CD.

The MHAIA cash in Bank as of September 15, 2017 does not include the August assessment estimated at \$2.3M and September budget assessment of \$3.4M.

The AFM total cash is \$5.02M, \$3.44M from AFM-MHAIA MM, \$1.33M from AFM APEAM MM, \$241.7K from the operating account and \$2.4K Petty cash.

- Cash Inflow and Outflow FYs Ending 16 to 18

The assessment remittance from HAB is at 30 days level after the month end. The spikes for FY 16-17 actual receipts for the months of October, March and May were contributed by 30 days plus 1 to a max 3 days delay of remittances. FY 17-18 remittances from HAB for the months of June and July 2017 were received end of July, and again with a 3 days level over the term of 30 days.

- Volume/Cash Scenario

The current scenario is an update of how much is the cash reserve at the end of the FY 18 using the same budgeted volume, spending and reserve percentage assumptions. The increase



in cash reserve from MHAIA, not including the adjustment to working capital, is \$1.553M. The possible total contribution to AFM should be \$2.33M including the APEAM 1/3 share of \$776K.

The MHAIA cash reserve increase is driven by an increase in volume and contribution from HAB of 35.576 M pounds or \$755.9K assessment, decrease in other contribution of \$19.5K (interest and contribution from APEAM), and decrease in spending of \$816.8K.

The adjusted net cash reserve at the end of the FY 18 is \$5.868M.

- Consolidated Financials as of August 2017

The consolidated MHAIA financials including its subsidiary AFM covers the period July 1 to August 30, 2017 as compared to total FY 18 approved budget.

Volume of 210.57 M pounds is 11.4% of the approved budget volume of 1.841 billion pounds for the FY 17-18. These volumes include an actual for July and estimate for August.

Contributions/other: Total \$7.04M or 12.44% of the total budget of 56.6M -see breakdown:

<b>Contribution</b>	<b>Actual</b>	<b>FY-Budget</b>
Assessment-HAB	\$4,474,824	\$39,123,375
APEAM	\$1,545,905	\$17,464,557
MHAIA	\$1,018,597	\$0
Other income (Interest)	\$1,093	\$13,800
<b>Total contribution/income</b>	<b>\$7,040,419</b>	<b>\$56,601,732</b>

*% Variance* **-87.56%**

Spending: total of \$4.418M or 8.27% of the total approved budget of \$53.43M

<b>Spending</b>	<b>Actual</b>	<b>FY-Budget</b>
AFM Marketing	\$2,055,626	\$43,631,658
MHAIA Marketing	\$3,500	\$415,000
AFM Marketing Admin	\$1,850,960	\$5,595,171
MHAIA Marketing Admin	\$41,507	\$976,300
<b>Total Administrative</b>	<b>\$466,634</b>	<b>\$2,812,046</b>
<b>Total Expenses</b>	<b>\$4,418,228</b>	<b>\$53,430,175</b>

*% Variance* **-91.73%**

**Cost per pound** **\$0.02** **\$0.03**

- Net change in assets-\$2.6M Total.



Jon Ulrich motioned to approve the 16-17 financials and audit results and Gorge Hernandez seconded the motion which passed without objection.

Luke Sears motioned to accept the Treasurers report, delay the budget amendment that would increase income by \$2.4MM now but release the \$3mm previously held in reserve. The motion was seconded by Jorge Hernandez and carried without objection.

By Law and Articles of Incorporation Amendment:

Background:

Revision's to the MHAIA's by laws and Articles of incorporation are needed to make them more consistent with AMS rules and practice regarding membership, with changes that were made several years ago to the DC non-profit corporation statute; and with the way MHAIA has operated since its inception.

The proposed amendments were presented to the MHAIA board during the February 21 board meeting and submitted again to the Board for final review on March 30, 2017. The board finally voted on the changes during the last meeting on May 23<sup>rd</sup> and motions to amend the Articles of Incorporation and the by-laws reforming MHAIA as a board-directed organization under D.C. non-profit corporation law passed unanimously.

The board agreed upon September 19 and 20 as the dates for the annual meeting. Therefore, Ricardo Vega moved that the record date for that meeting will be July 13, 2017. The "record date" is not more than 70 days prior to the annual meeting to provide adequate time to the membership to consider these proposed changes.

On June 30, 2017, Ron Campbell sent the MHAIA Annual meeting notice to the known membership in the United States and Mexico explaining the upcoming membership vote both electronically and through the U.S. postal service. The notice included a meeting response card which included a section that gave the opportunity to the responder to provide Ricardo Vega proxy in the event the member is unable to attend. Since that time, Mr. Campbell received 17 responses and over 30 "return to sender" from companies who are apparently no longer in business.

Of the 17 responses, 9 stated that they would attend the meeting for the vote, 4 stated that they will not attend and 4 stating that they will not attend and assigning their proxy to Ricardo Vega.

Therefore, a vote of the membership to amend the bylaws as described above took place.

A vote of the full membership in attendance (15) and those voting by proxy (4) voted unanimously in favor of the by-law amendment. Therefore, the proposed revised by



laws and Articles of Incorporation will be submitted to AMS for final review and official approval.

#### Board Elections:

In June, an announcement was sent to the membership stating that MHAIA is accepting nominations for two importer seats and their corresponding alternate positions. After receiving nominations, ballots were sent to the membership requesting that importers return their ballots no later than August 18, 2017.

#### Final Elected Importer Directors:

Aaron Acosta. Agroexport  
Mike Browne

#### Final Elected Importer Director Alternates:

Gary Caloroso, Giumarra  
Gahl Crane, Eco Farms

In addition, APEAM held a separate election in Michoacán to fill one open grower seat, one open packer seat and the open grower and packer alternate seats.

#### Final Elected Packer Director and Alternate:

David Ruiz Vega  
Marco Antonio Hernandez (alt)

#### Final Elected Grower and Alternate

Carlos Genel  
Jose Alfredo Hernandez (a)

The outgoing directors were also Chairman and Treasurer, so nominations were accepted for these positions.

Aaron Acosta nominated Mike Browne as Chairman which was seconded by David Ruiz and Mike Browne nominated Carlos Genel to be Treasurer and this nomination was seconded by . Both nominations passed without objection. Additionally, Mike appointed Gary Calaroso to represent MHAIA on the AFM board as marketing representative.



**Board of Directors:**

Growers / Packers		Term Expires
David Ruiz Vega	Director	2019
Marco Antonio Hernandez	Alt	2019
Carlos Genel (Treasurer)	Director	2019
Jose Alfredo Hernandez	Alt	2019
Gabriel Villaseñor (Secretary)	Director	2018
Jamie Rivas	Alt	2018
Mauricio Gonzalez	Director	2018
Fernando Torres	Alt	2018
Importers		Term Expires
Mike Browne (Chairman)	Director	2019
Gary Calaroso	Alt	2019
Aaron Acosta	Director	2019
Gahl Crane	Alt	2019
Jorge Hernandez (Vice Chair)	Director	2018
Robb Bertels	Alt	2018
Jon Ulrich	Director	2018
Giovanni Cavaletto	Alt	2018

Vicky Carpenter provided the new board members with a short orientation.

**Marketing Presentation:**

Mark Garcia presented a status on Foodservice programs:

- New Foodservice campaign message will focus on 4 key brand messages that will rotate based on the creative piece: All Year-Round Availability, Freshness, Profitability and Education.
- Foodservice website re-launch for the end of 2017 with refreshed content and more call to actions to generate greater engagement.
- 2018 innovation technique will be on Sauceabilities again to extend the concept and continue supporting the use of it associated with handhelds. For this matter, the Foodservice team conducted an ideation session with CSSI in August and developed 30 new recipe ideas. Sauceabilities 2.0 will launch after Thanksgiving including a series of videos to be produced at our Culinary Center.
- LTO's update:
  - Jason's Deli: Add avocado to any sandwich for \$1. Program developed and ready to launch on hold due to Hurricane Harvey effect on their headquarters.



- Pappasitos: promo for National Guacamole Day including digital activation.
- Omni Hotels: interest in placing 50 branded guac carts.
- Luke's Lobster: new Warm Grain Bowl including avocados. Launch November.
- Maggie Bezart presented Foodservice distributor program for Super Bowl: Big Game Burger Bash focused on bar & grills include sales incentives and branded materials for participating operators.
- Stephanie Browder presented C&U program including a new tier analysis to segment universities based on their development potential. Each of the three different tiers will have specific support elements.
- Mark presented AFM's Culinary Center operation based on the following success pillars:



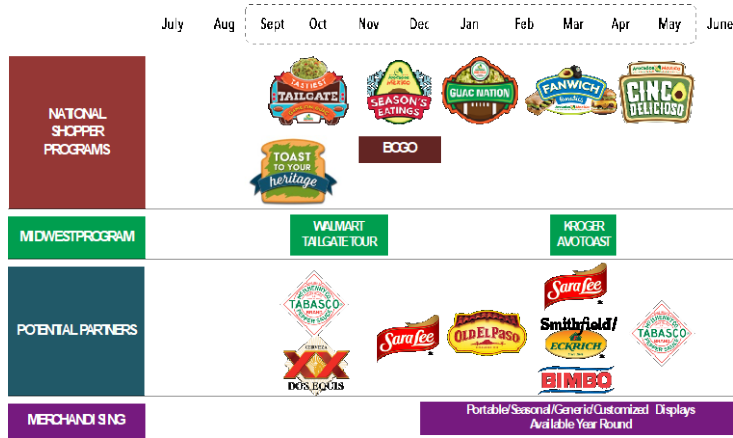
- New Avocado University program will launch January 2018. It will be based on full immersion workshops targeting avocado modules that will be customized by relevance depending on the target (Foodservice, Retail or RDs)



Stephanie Bazan and Dianne Le presented the status on Shopper Programs:



- Updated promotional calendar includes 5 national seasonal promotions and one Hispanic promotion for Hispanic Heritage Month.



- New Midwest plan to develop this region that is the lowest in avocado consumption. The main focus is to concentrate the brand support in educating consumers and implementing sampling programs with the two biggest accounts in the region: Walmart & Kroger.
  - Walmart Midwest Tour: 50 stores/ Oct & Nov 2017.
  - Kroger Midwest Tour: 150 stores/ March 2018.
  - Target cities: Columbus, Indianapolis, Kansas City, St Louis and Wichita.

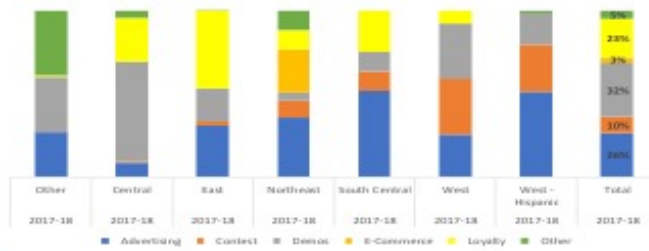


Alfonso Delgado presented a recap of our trade support by Region and type of support:



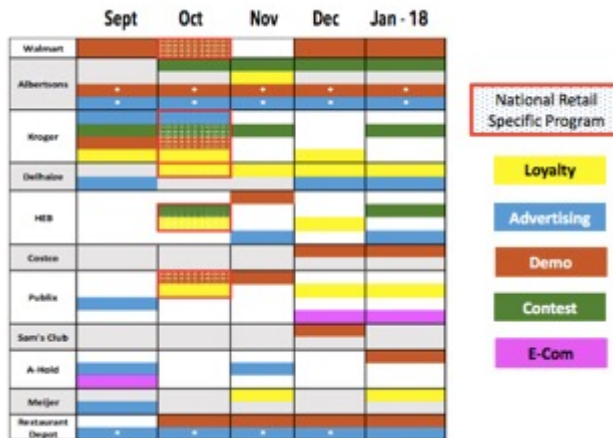


### FY17-18 BUDGET - PILLARS BY REGION



Trade Activity	Other	Central	East	Northeast	South Central	West	West - Hispanic	Total
Advertising	\$65,408	\$127,508	\$302,895	\$318,080	\$227,000	\$175,150	\$138,758	\$1,255,324
Contest	\$9,508	\$21,280	\$63,080	\$81,000	\$234,900	\$75,000	\$454,680	\$454,680
Demos	\$70,805	\$898,508	\$293,175	\$86,080	\$52,000	\$233,000	\$82,358	\$1,538,230
E-Commerce				\$257,080				\$257,080
Loyalty	\$3,800	\$395,000	\$468,140	\$71,420	\$130,000	\$55,000		\$1,094,560
Other	\$84,800	\$69,508	\$580	\$73,580	\$8	\$0	\$4,000	\$340,500
<b>Total</b>	<b>\$241,714</b>	<b>\$1,500,008</b>	<b>\$977,980</b>	<b>\$612,080</b>	<b>\$440,008</b>	<b>\$898,650</b>	<b>\$270,008</b>	<b>\$4,340,254</b>

Also presented AFM Flex Fund investment by each of our 11 Power Accounts: Walmart, Kroger, Albertsons, Delhaize, HEB, Costco, Publix, Sam's Club, A-Hold, Meijer and Restaurant Depot:

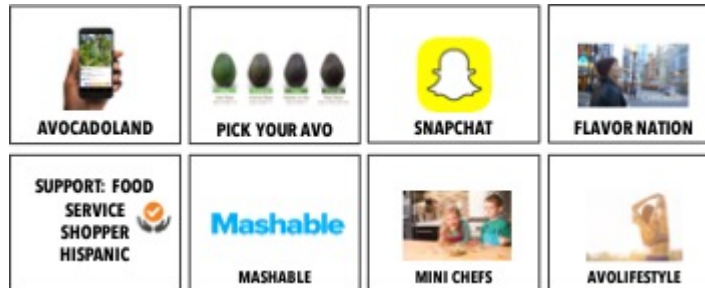


Stephanie Bazan presented AFM's plan for PMA including a new Cinema experience to launch our short film on Michoacan and the avocado export program: Avocadoland. The booth will include the following:

Avocadoland Cinema	Brand Showcase	Eat Lively (H&W)	Avo-Matic	New Generations	General Session Sponsorship
<ul style="list-style-type: none"> <li>Premiere <u>Avocadoland</u> in exclusive cinema room</li> <li>Hand-picked audience of retailers, wholesalers &amp; foodservice</li> </ul>	<ul style="list-style-type: none"> <li>Seasonal Displays</li> <li>Permanent Displays</li> <li>Retail Toolkit</li> </ul>	<ul style="list-style-type: none"> <li>Eat Lively platform</li> <li>ANA Heart Check Certification</li> <li>PBH RD Program</li> </ul>	<ul style="list-style-type: none"> <li>Feature <u>App Happiness</u></li> <li>Showcase <u>Avocadoland trailer/Wirewax</u></li> </ul>	<ul style="list-style-type: none"> <li>Showcase Mini Chefs (Kitchen Demo)</li> <li>School program (YMI) Soccer</li> <li>CBIU Tour</li> </ul>	<ul style="list-style-type: none"> <li>High-Profile sponsorship</li> <li>2 minute brand video</li> <li>AFM prominently featured on menu</li> </ul>



Ivonne Kinser presented the main digital programs for 2017- 2018:



- New H&W digital program through Mashable partnership will include videos, articles and infographics promoted through their platform and will live in dedicated landing page to drive traffic to our AFM site.
- To reinforce education, digital will launch the first industry chatbot that will interact consumers online and in the point of sales to support messaging on how to pick, ripen and preserve avocados plus other key information around our fruit.

Ivonne Kinser and Stephanie Bazan presented our Avocadoland program:

- Avocadoland is a short film created as part of our Tastemade deal that include three episodes describing the journey and process of Mexican avocados to get to the U.S. households.
- Will have a 360 support program including:
  - Trade launch during PMA with a dedicated cinema experience.
  - 1.000 interactive video folios that will be delivered to media, trade and foodservice partners.
  - Dedicated landing page in our AFM site.
  - Special digital version of the episodes including an interactive technology using Wirewax to have consumers engage with video, learn more and win prizes.
  - Digital media program to drive consumers to our site and interact with our Avocadoland experience online.
- Also, to support Avocadoland and celebrate our 20<sup>th</sup> anniversary of the U.S. opening of the market for Mexican avocados, will launch a gala event in Washington DC that will include an expert panel led by our event partner Politico and a celebratory dinner with our brand chef Pati Jinich.

Stephanie Bazan presented a recap of our Hispanic marketing programs including:

- New communication strategy based on the recent qualitative research with Hispanic consumers where we tested the General Market H&W strategy and creative idea Eat Lively.



- Based on this assessment the main things to do moving forward are:

- ADOPT "EAT LIVELY" FOR NUEVA LATINA
- FOCUS ON DIALING UP NEW "NEWS" - HEALTH
- CONTINUE TO PUSH TASTE AND HERITAGE
- EMPHASIZE NEW OCCASIONS: BREAKFAST AND HANDHELDS
- DEVELOP A NEW COMMUNICATION STRATEGY & CAMPAIGN

- Stephanie presented our new creative concept for Hispanic moms:

### STRATEGIC APPROACH

<b>Insight:</b> NuevaLatinas have a new mind-set: a self-first approach to life. They want to live life to the fullest they know they have to be healthier in order to excel, reach their personal goals. In order to do so, they need to <b>conquer one day at a time.</b> <b>Believe it or not, it takes more than a good bag of chips. Give Taste, Good Fats, and Tradition a new look in Nueva Latina eyes.</b>	<b>Brand Unique Benefit:</b> With Avocados From Mexico every day is a new experience. They're both healthy and indulgent, for whatever you crave, year-round. <b>Health benefits by themselves don't persuade NuevaLatinas. These benefits must always be paired with a more meaningful purpose that makes them relevant.</b> They are looking for <b>new benefits</b> and those tied to <b>long term goals:</b> Heart Healthy, Nutrient Dense, and Good Fats.
<b>Strategic Concept:</b> Avocados From Mexico are not that different from Nueva Latinas. Both have the same goal: to make each day that passes better for them and those around them. We want to tell Nueva Latinas that by adding Avocados From Mexico to their meals, they will have what it takes to <b>make each day/meal, better.</b>	

## Cada día más extraordinaria

- This new concept will be supported with a new TV campaign to produce at the end of 2017 and a media plan for television and digital.
- Other Hispanic programs:
  - Vida Aguacate: continue support on this successful program that will end up the year with more than 500.000 members.
  - New Hispanic Heritage Program that will launch a nation HM promotion with Bimbo and Tabasco focused on avocado toasts and the celebration of Latin American cuisine. Program will launch on Sep- Oct 2017.
  - Avoscope: new creative digital concept creating an avocado horoscope to engage with consumers around the usage of avocados in breakfast and handhelds.



Team presented of New Generations program that includes:

- School outreach program to be launched in Oct 2017 in 49,000 schools reaching 10 million kids and families in the U.S.
- Mini Chefs continuous support and usage in every seasonal program throughout the year.
- Snapchat filters program in C&U targeting sporting and music events.
- New Avotour program with a message focused on convenience and health. Tour will be divided in two phases: Phase 1 will run in the fall and including colleges and universities like:
  - Cornell, Yale, Princeton, Rutgers, Virginia Tech, Notre Dame and University of Michigan between others.

Alvaro Luque presented a recap of the consumer marketing programs including:

- New TV ads: Referee following the same football concept of no guac no game and Pilates as our first ever ad on Health & Wellness
- Super Bowl negotiation status: 30" ad cost @\$4.2 million/ second quarter positioning based on Nielsen recommendation to maximize ad exposure/ creative concept around the idea of versatility of guac during the season behind the creative idea "Think outside the chip".

Alvaro presented the \$3 million of programs on hold based on the decision on May 2017 of being cautious with the budget and asked the Board for approval to use these funds. Board approved the use of those funds.

Alvaro also asked about using the \$2.6 million that were accumulated in this year carry over on some additional projects that need funding. Board decides to leave those on hold but approved using the \$3 million on hold to support some of the programs like the Avocadoland DC event (\$400,000) that will come from the funds we have to produce a new campaign with Arnold.



These are the projects we had on hold with the \$3 million that:

#### PROGRAMS ON HOLD

• Cinco de Mayo Kentucky Derby Negotiation	\$300.000
• Cinco Promotion (Shopper & Catalina Digital)	\$500.000
• New Arnold Production Campaign	\$450.000
• Paid Search	\$150.000
• Lead Generation CRM	\$150.000
• Avotour Phase 2	\$300.000
• Recipe & Product Photography	\$100.000
• Hispanic Production & Fee	\$100.000
• Permanent Displays	\$100.000
• Foodservice PR	\$250.000
• LTO's	\$100.000
• Midwest Program Phase 2	\$200.000
• Flex Funds	\$300.000
<b>TOTAL</b>	<b>\$3.000.000</b>

New Business:

Next board meeting is scheduled for February 13 and 14.

Kevin Brosch suggested that Molly Haragan who is conducting her Capstone project at Tufts University on our partnership with Forests for Monarchs come to our next board meeting.

Mike Browne continued Ramon Paz' and Mauricio Gonzalez' appointment to the Hass Avocado Committee.

Jorge Hernandez initiated a discussion on application of the size forecasting model. Initially, the idea was to give the responsibility of implementation to APEAM because of the expertise and the trained people already on hand. However, Jorge felt that this should be the responsibility of MHAIA. The discussion ended without a conclusion however, Ron said he will contact Dr. Gary Williams for ideas.

There being no additional new business, Chairman Mike Browne motioned to adjourn and the motion was seconded by Jorge Hernandez. All were in favor.

Respectfully Submitted,

\_\_\_\_\_  
Ron Campbell, MHAIA Executive Director

I certify that the above is a true and accurate statement of the May 23, 2017, MHAIA Board of Directors Meeting.

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Gabriel Villaseñor, MHAIA Board Secretary