



Mexican Hass Avocado Importers Association
Board Meeting Minutes
February 10, 2015

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 (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 (a)
Jimmy Lotufo (resigned)
Sergio Paz (p)

AMS: _____

Veronica Douglas

Officially Present: _____

Armando Lopez
Dolora Sillman
Ron Campbell
Alvaro Luque
Arturo Vargas
Stephanie Browder
Kevin Brosch

Ramon Paz
Mike Browne
Maggie Bezart
Kevin Hamilton
Mark Garcia
Stephanie Bazan
Ivonne

Members

Alfredo Rodriguez

Guests:

Dr. Javier Trujillo

Gina Widjaja

Robert Rumph

At 8:00 AM, after initial introductions, Ed Figueroa took the roll call and established a quorum. Afterward he presented the minutes from the September 9, 2014 board meeting. Adrian Iturbide motioned to approve the minutes which was seconded by Doug Meyer. All were in favor.



Ed Figueroa introduced Adrian Iturbide to provide the Treasurers Report.

Bank/Cash Balances as of Feb 5,2015

The MHAIA bank balances are as follows:

from the Citizens Business Bank Money Market (MM) account	\$7,703,126.62
from the Citizens Business Bank Operating Account (OPTG) account	783.93
from the Merrill Lynch	<u>1,543,982.14</u>
Total	<u>9,247,892.69</u>
Payable to AFM for the month of January	(3,500,000.00)
Adjusted cash balance as balance	<u>5,747,892.69</u>

Notes:

The adjusted bank balance does not include the January assessment from HAB estimated at \$3.4M or 161M pounds.

The February payable to AFM of \$2.5M not included in this report. The operating account always has \$1,000 dollars balance and the diff was due to bank charges.

Fiscal Year '14-15 Estimate / Proposed Amended Budget

The total MHAIA estimated volume at the end of the 14-15 fiscal year of 1.43 billion pounds are based on July to December actuals of 660 million pounds and January to June estimate of 771 million pounds.

Total assessment from HAB of \$30,415,173 as compared to budget of \$27,625,000 or an increase of \$2,7M due to increase in Volume.

Total APEAM contribution is \$233,350 (note that this is part of the AFM -APEAM 1/3 contribution) while approved budget is \$270,340

Interest income is \$5,472. and the approve budget is \$8,400.

Total Marketing expenses of \$33.9Million, allocated to AFM- 33.2M and MHAIA marketing -\$723thousand (note -you will find the details of expenses on pages 8-9)

Total administrative expenses-\$233,350 and funded by APEAM from the 1/3 AFM contribution.



Net change in assets is negative \$3,519,747.

Cash reserve at 15% is \$4,562,276. The financial position / balance sheet total assets of \$\$6.6 M .

Antonio Villaseñor moved and Giovanni Cavaletto seconded to approve the treasurer's report. All were in favor

Crop report Update:

Although the crop report was not yet complete, APEAM leadership believes that about 1.4 billion lbs. is achievable this year and is a sound number for marketing budget purposes. APEAM advises that the crop report will be available shortly.

Strategic Planning Update:

Ron and Alvaro presented an update from the strategic planning session held in September 2014.

1- FOOD SAFETY:

- a. **Define food safety in terms of both risk management and actions to be taken as a result of the Food Safety Modernization Act (FSMA), and (ii) certification (SRRC, Global Gap) (Resp. RC/RP/AL)**
 - i. ***Risk management**= Implementation of GAP and GHP protocols in the groves and packinghouses in Michoacán.*
 - ii. *The Produce Safety Rule portion of the FSMA will require importers to implement a Foreign Supplier Verification Program FSVP to ensure that FS activities taking place in Mexico are equal to those enforced in the U.S.*
 - iii. *Completion of this initiative will be conducted in parallel with action item #3.*
- b. **Communication strategies to all stakeholders (Resp. RC/ RP/ AL)**
 - i. *Develop general guidance for industry stakeholders regarding implementation of the Act, timing, and instructions on actions to take in the event of a recall etc. to be posted on the MHAIA site. For immediate reference.*
 - ii. *AFM through IMW: Communication Strategy to Stakeholders (Present proposal Feb 2015 and implement by April 2015).*
- c. **Encourage and work with APHIS in connection with phytosanitary protocol (Resp. RC/ RP)**
 - i. *Inclusion of food safety guidelines in the phytosanitary work plan. Grove certification for inclusion in the export program will require*



implementation GAP and GHP protocols in the grove and packing house.

2- AFM OPERATIONAL STANDARDS:

- a. **Identify and evaluate areas for improvement, prioritize and present initial framework to JEC (Resp. OPERATIVE COMMITTEE)**
 - i. *AFM: Employee Handbook/ Travel & Expense Policy launched Jan 2015.*
 - ii. *AFM: New policies ready to send for approval: Document Retention, Contract Management and External Communication.*
 - iii. *New Budget Control Platform launched Feb 2015.*
 - iv. *Internal Process Control AMS Approvals.*
 - v. *Job Description program in process.*
- b. **Financial planning/modeling (Resp. RC/ DS/ AV)**
- c. **Scenario planning (Resp. RC/ DS/ AV)**
 - i. *Develop a scenario analysis to enable MHAIA, APEAM, and AFM to make long-term plans. Enlist the support of an expert with analytical skills and success in this area. Peggy Jaret with the WestMark Group has a proven track record in this field.*
- d. **Ongoing effort to review, update and maintain policies/ Appropriate internal controls/ Safeguard shareholder interests (Resp. OPERATIVE COMMITTEE)**
 - i. *Yearly internal audits using Generally Accepted Government Standards (GAGAS)*

3- LONG TERM MARKETING PLANNING:

- a. **Research and analysis to identify future sources of growth and marketing opportunities (Resp. AL)**
 - i. *AFM: Source of Growth research for Consumer & Foodservice in field. Ready to present Mar 2015.*
- b. **Food service domination (Resp. AL)**
 - i. *AFM: Foodservice Domination Plan will be ready to present on May 2015.*
 - ii. *Planning Session Dec 2 San Francisco*
 - iii. *Follow Up meeting Feb 3 San Francisco*
- c. **Develop preliminary 5 year marketing plan to ensure AFM leadership in the U.S. market (Resp. AL)**
 - i. *Working progress. Will be ready to present May 2015.*

4- PRODUCTION ASSUMPTIONS:

- a. **AFM led initiative supported by APEAM and MHAIA Timing, geographic, sourcing and volume (Resp. OPERATIVE COMMITTEE)**
 - i. *Improve crop reporting assumptions to include:*
 - 1. *Jalisco (initially)*



2. Overall production in the in both States beyond certified groves.
 3. Identify and quantify volumes targeted for markets outside the USA that may impact estimated volume destined for the United States.
- ii. Identify new States in Mexico and new countries applying for U.S. Market Access
Cavaletto suggested investigating a satellite mapping service as a possible economical and accurate measurement of avocado groves throughout Mexico.

5- LEAD CONSUMER PREFERENCE:

- a. **Roll out branding fruit program to establish branding presence at point of sale. (Resp. AL)**
 - i. *AFM: Develop process and manual. Waiting for AMS final approval to launch.*
- b. **Develop an annual study to establish benchmarks**
 - i. *AFM: A&U Study design is ready. Will start quoting process and launch when we have results from our Source of Growth Analysis. A&U will be ready in May 2015.*
- c. **Implement monthly tracking reports to measure progress**
 - i. *AFM: Monthly Tracker design will be ready in Apr. Study will initiate after we have A&U results. Jul 2015*
- d. **Become a leader in the conversation regarding the linkage between health and the nutrition benefits of avocados.**
 - i. *Launched new website with Nutritional segment leveraging HAB information resources.*
 - ii. *Launched first branded RD Program.*
 - iii. *Will present in May 2015 long term program to reinforce our H&W message.*
- e. **Develop and maintain effective social responsibility programs**
 - i. *AFM: ready to present Social Responsibility proposal for the company.*

To conclude the discussion on strategic initiatives, Ron Campbell requested to set money aside in the MHAIA budget for strategic planning (scenario analysis) and independent evaluations of our marketing performance as part of an effort to implement these strategic initiatives.

Ramon Paz stated that we are talking about two separate things. Developing a 5 year marketing plan using the Jim Collins method as described during the AFM board meeting the evening before should be pursued. Secondly, measuring performance should be done on a regular basis but it is not an easy task. We should pursue an



external consultant for the review but we should also develop a plan on how we should go about it, who should do it and how often it should be done.

Mike Browne stated that it is important for MHAIA have a level of independence when discussing strategic planning. The Jim Collins model is focused squarely on marketing but our previous strategic planning efforts actually stayed away from marketing and focused on where the MHAIA is going as an organization.

Gary Caloroso stressed that long term market planning should be inclusive and the industry should define what success looks like. Alvaro agreed that we need to define what we're going to measure. The threat dashboard and scenario analysis included in the Collins model is focused on marketing and is only being considered to address one of the six action items in the strategic plan.

Doug Meyer said that Mike brings up a good point that strategic planning will help to redefine MHAIA's new role now that the bulk of its marketing responsibilities have been assigned to AFM.

Saying that MHAIA has a responsibility to understand how the assessment revenue is being spent, Ed instructed Ron to seek bids initially and return to the board for further consideration.

AFM Marketing:

Alvaro Luque and team presented the results of AFM's participation in the Super Bowl including the following:

- The game: record average house hold rating 47.54 and record average viewership 114.4 million.
- Pre Game: AFM developed a pre game strategy of earned and paid media that included: Press release highlighting that we were the first produce brand ever to participate in the Super Bowl, trade advertising take over plan for retail and foodservice publications, three promotional programs (digital, foodservice and retail) using our Super Bowl tickets, consumer PR programs with Mario Lopez and Pati Jinich in top national shows and a digital pre game interaction with George Lopez through GoGoGab.
- Production: AFM produced with GSD&M in December the 30 second Super Bowl ad, a 60 second version a 30 second pre game teaser and 7 promotional video of over a minute each one. The total cost of production was \$1.490.000 including the cost of celebrities for Jerry Rice and Doug Flutie. Agency did the whole production without any fee.
- Ad Placement: based on the incidentals of the game, our ad was placed in the fifth pod in the second quarter of the game. We couldn't hold the negotiated fourth pod because of NFL legal bound that obligated NBC to have



- a 120 cut as the first one in the second quarter. Our rating was 45.92 higher than the 42.71 at the end of the first quarter where we should have been placed.
- Ad Rankings:
 - o Number 23 out of 61 in USA Today Ad Meter
 - o Number 6 out of 24 in that same ranking for 30 second ads
 - o Number 18 out of 46 in the Wall Street Journal
 - o Number 3 out of 61 on Entertainment Weekly
 - o Number 8 out of 61 in the engaging ranking from TIVO.
 - o Number 1 out of 61 in general sentiment in AdWeek.
 - o Number 2 out of 61 in Second Screen activation (digital) based on Adobe Metrics.
 - Digital Strategy: to maximize our results from the Super Bowl we did a digital plan using our assets and agencies that took us to the second place only behind P&G. That strategy included: use our new website as our Super Bowl Hub, create a promotional landing page using Offerpop, initiate Twitter conversation with Gorge Lopez and amplify reach using bloggers network Mom it Forward, reinforce our 60 second version using Apple's iAd technology and support all this activity with a strong paid search and social plan.
 - Results:
 - o 578.122.874 digital impressions in 2 days
 - o 70.000+ visits to our website in 4 days compare to the weekly visits of 40.000.
 - o Million plus views of our 60 second version through Youtube
 - o 840.000.000+ impressions in earned media in one weeks with an estimated value of \$10.5 million.
 - o In general the Super Bowl program left us 1.56 billion impressions with an investment of \$5.08 million. That same investment in our general buy would have left us close to 562 million impression. That made us triple the results of our investment.



REAL SUPER BOWL NUMBERS

	COST	CPM	IMPRESSIONS
SUPER BOWL AD	3,825,000	58.42	65,475,000
PRE GAME ADS	626,400	30.22	20,728,000
DIGITAL MEDIA	414,090	1.01	411,499,600
GOGOGAB	220,000	1.32	166,623,274
EARNED MEDIA	-	-	841,253,498
TOTAL IMPRESSIONS	5,085,490		1,505,579,372

WHAT IF SCENARIO

	COST	CPM	IMPRESSIONS
TV INVESTMENT	4,451,600	10.60	419,962,264
DIGITAL MEDIA	414,090	5.12	80,876,953
GOGOGAB	220,000	3.55	62,000,000
TOTAL IMPRESSIONS	5,085,690		562,839,217

Alvaro Luque presented the positive results of the post research Omnibus on the Super Bowl:

- 63% remember watching the ad
- 83% like the ad (top two box)
- 78% are likely to follow up on AFM (top two box)
- Main two messages that were: “Mexico is a year-round snack” 50% and “Mexico is the natural place for avocados” 43% and



POST SUPER BOWL RESEARCH

SAW AFM AD		Total	Ethnicity	
		Total	Hispanic	Non-Hispanic
		A	B	C
Base: Total Sample		(403)	(300)	(203)
Yes	Percent	63%	59%	69% B
	Frequency	316	178	138
No	Percent	37%	41% C	31%
	Frequency	185	122	63

LIKED AFM AD 83% TTB		Total	Ethnicity	
		Total	Hispanic	Non-Hispanic
		A	B	C
Base: Saw AFM Commercial		(316)	(178)	(138)
Like very much	Percent	47%	56% C	34%
	Frequency	147	100	47
Like somewhat	Percent	36%	34%	38%
	Frequency	113	61	52
Neither like nor dislike	Percent	17%	9%	27% B
	Frequency	53	16	37
Dislike somewhat	Percent	1%	1%	1%
	Frequency	2	1	1
Dislike very much	Percent	0%	0%	1%
	Frequency	1	0	1

SOURCE: CULTURATI OMNIBUS POST SUPER BOWL, FEBRUARY 2015

MESSAGES FROM THE AFM AD		Total	Ethnicity	
		Total	Hispanic	Non-Hispanic
		A	B	C
Base: Saw AFM Commercial		(316)	(178)	(138)
"Avocados are good for you"	Percent	34%	29%	39% B
	Frequency	108	52	54
"Avocados and the Super Bowl go together"	Percent	36%	38%	33%
	Frequency	114	68	46
"Mexico is the natural home for the Avocado"	Percent	43%	39%	49% B
	Frequency	136	69	67
"California and Mexican Avocados are similar in quality and availability"	Percent	16%	14%	17%
	Frequency	49	25	24
"Mexican Avocados are a year-round snack"	Percent	50%	63% C	36%
	Frequency	158	108	50

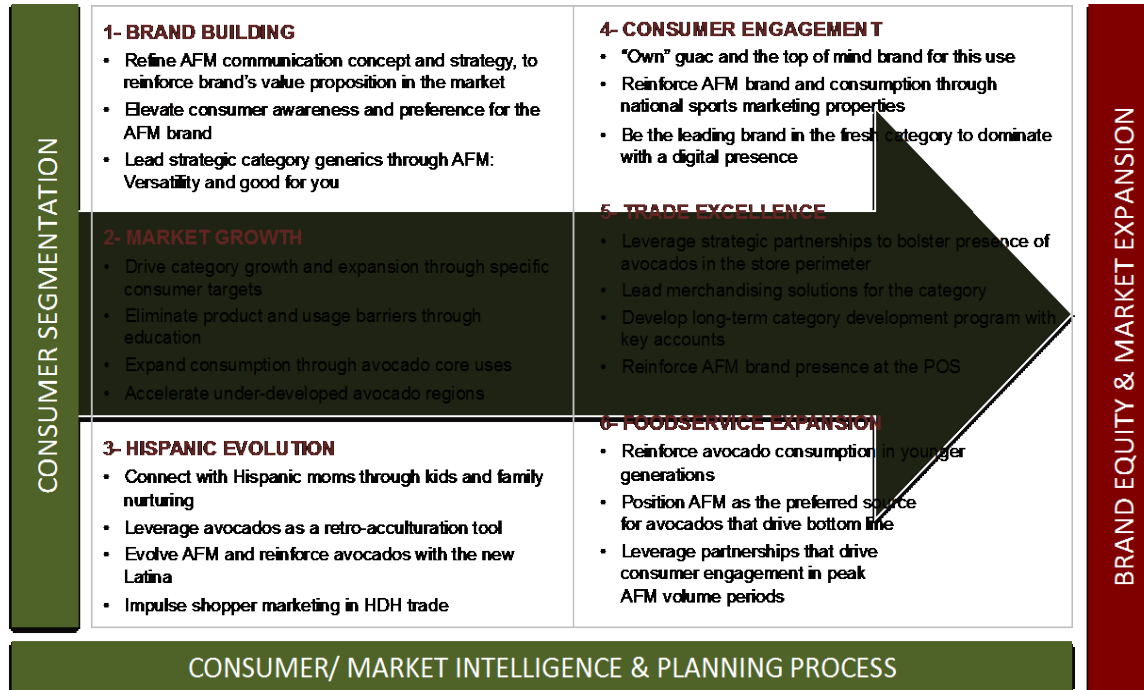
LIKELYHOOD TO FOLLOW UP ON AFM 78% TTB		Total	Ethnicity	
		Total	Hispanic	Non-Hispanic
		A	B	C
Base: Saw AFM Commercial		(316)	(178)	(138)
Very likely	Percent	51%	65% C	32%
	Frequency	160	116	44
Somewhat likely	Percent	27%	25%	29%
	Frequency	85	45	40
Neither likely nor unlikely	Percent	14%	8%	20% B
	Frequency	43	15	28
Somewhat unlikely	Percent	4%	0%	9% B
	Frequency	12	0	12
Somewhat unlikely	Percent	5%	1%	10% B
	Frequency	16	2	14

Alvaro Luque presented the AFM recommendations moving forward that included:

- Continue investing in the Super Bowl and stay in the 30 second group.
- Keep GSD&M as our Super Bowl agency and do an internal pitch to compete for the best creative.
- Start earlier our Super Bowl process and reinforce our production budget knowing that we need to include agency fees.
- Re-think celebrities. It is a very important ad on but it doesn't have to be mandatory.

Alvaro Luque and team presented an analysis of our main activities and results for 2014 and the upcoming brand activities for the rest of the year.

AFM's plan has been developed based on the priorities defined by key area in our latest planning in March 2014:



Alvaro Luque presented AFM's research plan that includes two important studies in process (Segmentation and Growth of Source Analysis for consumer with Culturati and Foodservice with Technomics) that will be ready to present in March 2015 and after that we will move to a larger A&U study in May 2015 (to be repeated every three years) and the company Monthly Tracker that will launch in June- July 2015.

Brand Building:

Alvaro Luque presented the implementation of our brand communication campaigns based on the Made With Love creative concept for General Market and Echale for Hispanics.

Kevin Hamilton presented the details of AFM's new Brand Book that AFM is developing with the agency SRG. This Brand Book is a guiding document that will include the Brand Vision to connect our brand strategy to our visuals and the image & design of our brand plus the guidelines of our character. This document will be ready in April 2015.

Kevin Hamilton presented our TV campaign including the two new ads produced in Argentina: Common Ground and Rivals. The total production cost of AFM's campaign was \$1.120.000 using a combination of Arnold in Mexico and developed the production Hub in Argentina led by the AFM team. This cost compares to the \$2.800.000 of those same ads if we have produced them in the U.S.



Alvaro Luque informed that we will be using Common Ground in media plan this fiscal year and we will present the commercial “Rivals” as our first ad of the new fiscal 2015-2016.

Mike Browne asked if we are moving away from the brand blueprint by using the “Grown with Love” tag line used during the Super Bowl. that he felt that we are Alvaro Luque explained that we are not moving away from those guidelines and that the tags Always Fresh, Always Delicious and Always in Season are still present in all of our materials. Made with Love is a creative concept which was used in the Super Bowl as a isolated case to try to tie up that communication to rest of the campaign that we have aired during 2014.

Alvaro Luque presented the media plan for 2014- 2015 and asked for an additional \$1.33 million for media to cover March and May in our plan, using the new funds from the amended budget. The Board approves this investment.

Maggie Bezart presents AFM's RD program using Barbara Ruhs for the second part of our fiscal year.

Kevin Hamilton presents our partnership program with Dr Oz for the second part of the year including media investment in his digital and print publications.

Market Growth:

Alvaro Luque presented the details of our activities in the past year in terms of product education, core uses and Health & Wellness.

Hispanic Evolution:

Stephanie Bazan presented the new upcoming programs for the Hispanic consumer:

- Echale Challenge program to be launch in Feb 2015. The program is designed to make Hispanic families commit to a better and healthier diet including avocados where they can win prizes by participating. The program is lead by our Hispanic brand ambassador Maggie Jimenez.
- Soccer program that is planned to launch in May and will include a sponsorship agreement with AYSO (American Youth Soccer Organization)
- Mi Avo Club that is a latina mom digital club that will launch in February with the new Hispanic website.
- Echale challenge campaign to be displayed in the point of sales with new branded bins and POS materials.
- Lent promotion with Herdez to be launched in February- March.



Stephanie Bazan presented the new mega display innovation for Hispanic stores.

Mike Browne mentioned he is concerned with the Hispanic promotions because we are incentivizing the sales of product that is sold on a loss based on the low prices of this segment. Mike mentioned that we should focus resources in the brand building programs for Hispanics more than trade promotions. Alvaro Luque explained that is very important to keep developing promotional activities in this Hispanic segment that represents 40% of the avocado market. Alvaro mentioned that AFM will take in account Mike's comments moving forward in Hispanic promotions.

Consumer Engagement:

Alvaro Luque presented the developed programs regarding Guac leadership, sports marketing and digital.

Trade Excellence:

Maggie Bezart presented the sell-in results of Fanwich as our most successful promotion in terms of secondary display placement. That promotion also includes our first National Display Contest that helped achieve the good sell in results.

Stephanie Browder presented the consumer integration of Fanwich including the partnership with Food Network's Jeff Mauro as our spoke person for the promotion. This program includes two digital integrations: one interactive sandwich builder as the teaser and a landing page for the final promotion where consumer will upload their sandwich ideas and recipes.

Stephanie Browder presented the new national promotion for Cinco de Mayo with Dos Equis beer and Sauza Tequila as partners. This promotion will run from April 1 to May 31 2015 to take advantage of Memorial weekend as well.

Maggie Bezart and Stephanie Browder presented the results on the permanent displays that included the placement of 746 units in General Market stores and 139 un Hispanic stores. From those 250 will carry the new ibeacon technology that will allow consumer to interact with the displays once they download the AFM app. We have seen a very good acceptance from our clients on the displays and beacons that could potentially transform in bigger orders that will need to take in account in our upcoming budget for 2015- 2016.

Lunch Break:

Upon conclusion of the lunch break, Javier Trujillo, the Director General of Sanidad Vegital, SAGARPA, SENASICA, addressed the group and advised the importers on the



importance for them to comment on an upcoming APHIS proposed rule to expand the market to include avocados from additional areas of Mexico.

Maggie Bezart concluded the Trade Excellence segment by presenting the new AFM refrigerated merchandising units for HEB's fresh guacamole program. We placed 30 units as a test with the retail chain and got HEB's commitment of maintain this program with Mexican product. Alvaro Luque mentioned that the company sees this project with a lot of future potential to increase sales and display some avocado products throughout the perimeter of the store. AFM is working to test a similar program with other retailers in the west and east coasts.

Foodservice Expansion:

Alvaro Luque introduced the new Foodservice print campaign.

Mark Garcia presented the support program for the innovation technique Avocado Green Marble including the printed brochure that was mailed during December and January to top chefs and operators.

Mark Garcia presented the partnership with the CIA (Culinary Institute of America) including the culinary development of our campaign recipes, the sponsored events and the upcoming chef summit in San Antonio where AFM will host a two day workshop with chefs from top operators and distributors including: Applebees, Chilis, Sysco, Reinhart, Sodexo, Which Wich and others. The following summit will be the Tour of Mexico in May where we will take top chefs to our avocado orchards and develop a two day culinary workshop on Mexican cuisine and avocados.

Mark Garcia presented the approved programs and LTO's for the upcoming months for AFM:

- Sysco training program to start in March
- Reinhart sponsored corrugated for their private label brand Good Roots. This program launches in April and will keep the distributor in Mexican fruit for it.
- Chili's LTO with Fresh Guacamole for the Super Bowl included a double AFM branded email blast to the 9 million restaurant followers. To develop this LTO, AFM gave Chili's one of our pre game Super Bowl slots that ran from 1 to 2 pm and they aired a Chili's ad with the AFM logo included. Team is working on a new LTO for May 2015. Also AFM is working with Ziosk to develop a branded program for the second part of the year to impact Chili's and in the near future other big operators as Red Robin and Red Lobster.
- Freebirds was converted from processed to fresh guac and we are planning a LTO program to support their new launch.
- Which Wich will have a Torta LTO with AFM. We are working the details of it with the operator.



- LTO promotion with Baja Fresh and La Salsa for their Mexican menu including soups and tacos. This promotion will run in 200 stores from January to April 2015.

Summer Plan

AFM Team presented a Summer program that will reinforce AFM's promotional presence during the summer months.

Proposed plan will divide in two phases:

- Phase I: May 11-July 12 (Retailer Specific)
 - o Primarily focus on in-store activities to support retailers who will carry Avocados from Mexico during this timeframe
 - o Retailers have been broken into different "Groups" based on their support of Mexico and will receive support based off of this grouping
- Phase II: -July 20-Sept 18 (Seasonal Program)
 - o This phase will focus around Back-to-School with a more encompassing program including in-store and media tactics

AFM presented a recap of the support plan for retailers including our company terms during the phase one of the summer months:

ADS <ul style="list-style-type: none">o # Ads: 196o # Stores Reached: 8,015	SWEEPSTAKES <ul style="list-style-type: none">o # Gift Cards: 150o # Stores Reached: 10,000
LOYALTY PROGRAMS <ul style="list-style-type: none">o # Programs: 46o # Stores Reached: 5,812	GRILL (Hispanic Only) <ul style="list-style-type: none">o # Grills: 600o # Stores Reached: 600
DEMOS <ul style="list-style-type: none">o # Demos: 905	MERCHANDISING <ul style="list-style-type: none">o # Bins: 3,000o # POS: 3,000o IRCs: 1.4MM
RETAILER CONTESTS <ul style="list-style-type: none">o # Contests: 30o # Stores Reached: 1,988	WHOLESALEERS <ul style="list-style-type: none">o Incentive Program

To develop this plan, AFM needs an additional budget of \$1.981.000. For the second phase the investment will be \$2.160.000 that will come from next fiscal year budget.



Seasonal Programs 2015- 2016

Alvaro Luque presented the proposed promotional calendar for next fiscal year:



Alvaro Luque asked for Board approval to initiate contracts with some of these partners to be able to secure future promotional opportunities.

Adrian Iturbide motioned to authorize AFM to pursue joint promotional programs and execute contracts for fiscal year 15-16 without disbursement of funds until the beginning of that fiscal year. Antonio Villaseño seconded the motion. Motion passes.



Social Responsibility:

Alvaro Luque presented the opportunity of partnering with PHA (Partnership for a Healthier America) as AFM's Social Responsibility initiative.

A few years ago, PHA launched a plan to reinforce the consumption of water called Drink Up that was supported by the biggest beverage companies and brought some additional growth to the category. Now they are launching their second program FNV (Fruits & Veggies) where they intend to increase fruit and vegetable consumption through traditional marketing programs.

AFM will become a founding partner of the program and will be present in their official announcement in February during their annual Summit in Washington DC where the First Lady will be present.

The sponsorship level proposed is \$1 million that will be paid \$350,000 in this fiscal year and \$650,000 in the following. Plan starts in June- July 2015.

The investment will come from our amended budget.

Giovanni Cavaletto mentioned that the Produce for a Healthier America initiative did not really represent social responsibility. MHAIA and APEAM should consider an analysis of the significant jobs creation, economic development and social progress that has been actualized as a result of export earnings over the past 15 years.

MHAIA Budget Amendment:

As a result of AFM's additional funding needs outlined in the marketing presentation and considering the additional volumes expected, Adrian Iturbide motioned to increase MHAIA's budgeted volume estimate from 1.3 to 1.431 billion lbs. and increase revenue by \$2.79 million to allow AFM to move forward on these proposed expenditures. The motion was seconded by Antonio Villaseñor which passed unanimously. (see Treasurers Report, page 2)

New Business:

Doug Meyer stressed the importance of getting ahead of issues regarding farm labor in Mexico. This is a new negative trend in the produce industry and social audits on how we treat labor will become a standard. MHAIA and APEAM will need to continue on crises management and become more proactive. Mike Browne also added that agricultural sustainability should be wrapped into this initiative.



Adjournment:

There being no other new business Giovanni Cavaletto motioned to adjourn and Jorge Hernandez 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