



**AFM Board Meeting
Minutes
May 14, 2019**

Place:

AFM Headquarters
Culinary Center
Las Colinas, Texas

Board of Directors:

Vacant, Chair
Gabriel Villasenor, Vice Chair
Mike Browne, Treasurer
Carlos Genel, Director
Jose Luis Gallardo, Director
Gary Caloroso, Director
Armando Lopez (ex-officio)
Ron Campbell, Secretary (ex officio)

AMS:

Vicky Carpenter

Officially Present:

Alvaro Luque	Dolora Sillman	Michael Lemos
Kevin Brosch	Miguel Molina	Alfonso Delgado
Kevin Hamilton	Stephanie Bazan	Dianna Le
Stephanie Browder	Casey Evans	Maura Morales

APEAM and MHAIA Members and Guests:

Jaime Rivas	Emiliano Escobedo	Ramon Paz Vega
Fernando Torres	Jon Ullrich	Javier Medina
David Ruiz Vega	Aaron Acosta	Victor Barragan
Rigo Perez	Jose Luis Gallardo	
Jorge Vallero Esquivel	Miguel Barceñas	
Mario Pachaeo	Jorge Hernandez	
Dave Billings	Gustavo Rivas	
Jose Alfredo Hernandez	Bob Lucy	
Giovanni Cavaletto	Rigoberto Lemus	
Jim Donovan	Gahl Crane	
Russell Faulks	Elizabeth Ayala	

Roll Call and Minutes:

Gabriel Villaseñor called the meeting to order and Ron Campbell took the roll call, established a quorum and read the antitrust policy to the board.

Mike Browne motioned to approve the minutes of September Annual meeting and Gabriel Villaseñor seconded the motion. Unanimous.

Treasurers Report:

Treasurer, Mike Browne made some introductory statements and introduced Dolora and Miguel to present the Treasurers report
Miguel M. Presented AFM's Year to Date (YTD) April 30, 2019 financial Statements:

- YTD revenues match with our budget at \$48.87 Million
- Actual YTD spending is at \$43.77 Million and it is trending 9.6% or \$4.63 Million lower than YTD budget as Summer and Cinco additional promotional support was cancelled due lower than expected volume changes.
- As a result, AFM is presenting a positive actual change in Net assets (Revenues – Expenses) equal to \$5.01 Million
- AFM has a strong cash position and is listing \$4.40 million of cash and cash equivalents on its balance sheet.
- Total funding allocation is at 66.8% MHAIA and 33.2% APEAM ratio distribution.

Dolora Sillman mentioned that MHAIA will have a large cash reserve of about \$11MM.

Crop Report:

Mike Introduced Ron Campbell to provide a breakdown of the Flor Loca Crop Report prior to the budget discussion. The estimator has determined that the median range of the loca crop is about 434,610,000 pounds or 197,136 metric tons. The crop is estimated to be about 20% greater than last year and was produced on 137,778 hectares representing a 5,200 hectare increase from this time last year.

Discussion on Summer crop / Mendez variety compared to the Loca crop. In addition, there was a request for a comparative chart from previous years.

Gabriel Villaseñor suggested that the Loca number is too high and we should consider employing a lower number similar to last year.

Mike suggested we remain conservative with a 2 billion pound estimate for next year and revisit the matter in September.

Budget:

Prior to the budget negotiations Mike mentioned the \$12MM avocado infrastructure project, “The Avocado House.” Mike would like for the JEC to recommend to MHAIA that the \$12MM be dedicated to the project from APEAM administrative funds according to the modified MOU of the next three years.

After a lengthy description of the payment plan, Gary Caloroso motioned to \$12mm of APEAM’s future administrative funds to the Avocado House project and Carlos Genel made the second. The motion passed without objection.

In addition, Mike Browne motioned to amend the current 2018-19 budget to dedicate the first \$3.5MM toward the project which was seconded by Gary Caloroso. Unanimous

Finally, Mike motioned to dedicate the second installment of \$3.5MM in January 2020 which was seconded by Gary Caloroso. Unanimous

Dolora and Miguel presented the proposed AFM Budget for the 2019-20 fiscal year. There were two scenarios presented

Contribution					Spending				
	FY-19-20 Proposed Budget	FY 18-19- Proposed Amended Budget (May 2019)	\$ Change	% Change		FY-19-20 Proposed Budget	FY 18-19-Proposed Amended Budget (May 2019)	\$ Change	% Change
MHAIA	\$ 45,170,000	\$ 41,625,526	\$ 3,544,474	8.5%	AFM Marketing	\$ 49,355,750	\$ 48,446,773	\$ 908,977	1.9%
MHAIA (On hold-Reserve for Market Opportunities)	\$ (2,333,333)		\$ (2,333,333)		AFM Marketing Admin	\$ 10,630,979	\$ 6,777,760	\$ 3,853,219	56.9%
APEAM	\$ 21,683,946	\$ 20,081,415	\$ 1,602,532	8.0%	APEAM Market Reporting		\$ 172,945	\$ (172,945)	
APEAM (On hold-Reserve for Market Opportunities)	\$ (1,166,667)		\$ (1,166,667)		MHAIA Commun/Analytics	\$ 405,403		\$ 405,403	
APEAM Market Reporting	\$ -	\$ 172,945	\$ (172,945)	-100.0%	Total Marketing	\$ 60,392,131	\$ 55,397,478	\$ 4,994,654	9.0%
MHAIA Commun/Analytics	\$ 405,403		\$ 405,403		General Admin	\$ 7,137,836	\$ 6,424,295	\$ 713,541	11.1%
Other income (Interest)	\$ 11,820	\$ 8,485	\$ 3,335	39.3%	Total Expenses	\$ 67,529,967	\$ 61,821,772	\$ 5,708,197	9.2%
Total contribution	\$ 63,771,169	\$ 61,888,371	\$ 1,882,799	3.0%					
Change in Net Assets					Financial Position				
	FY-19-20 Proposed Budget	FY 18-19- Proposed Amended Budget (May 2019)				FY-19-20 Proposed Budget	FY 18-19-Proposed Amended Budget (May 2019)	\$ Change	% Change
Change in Net Assets					Cash & Cash Equivalents	\$ 50,517	\$ 3,545,038	\$ (3,494,521)	-98.6%
	\$ (3,758,798)	\$ 66,599			Other Assets (AR/FA)	\$ 2,817,031	\$ 3,385,540	\$ (568,509)	-16.8%
Total	\$ (3,758,798)	\$ 66,599			Total Assets	\$ 2,867,548	\$ 6,930,577	\$ (4,063,030)	-58.6%
Retained Earnings-PY	\$ 758,185	\$ 691,586			Total Liabilities	\$ 5,868,160	\$ 6,172,393	\$ (304,233)	-4.9%
Total Equity	\$ (3,000,613)	\$ 758,185			Total Equity	\$ (3,000,613)	\$ 758,184	\$ (3,758,797)	-495.8%
					Total Assets	\$ 2,867,547	\$ 6,930,577	\$ (4,063,031)	-58.6%


Funding Requirement	FY-19-20 Proposed Budget	FY 18-19- Proposed Amended Budget (May 2019)	Ratio-FY 2020	Ratio-FY 2019
MHAIA to AFM	\$ 45,170,000	\$ 41,625,526	66.67%	66.67%
MHAIA (On hold-Reserve for Market Opportunities)	\$ (2,333,333)			
APEAM to AFM	\$ 21,683,946	\$ 20,081,415	33.33%	33.33%
APEAM (On hold-Reserve for Market Opportunities)	\$ (1,166,667)			
APEAM to MHAIA	\$ 901,054	\$ 731,349		
Total	\$ 64,255,000	\$ 62,438,290	100%	100%
APEAM Market Reporting	\$ -	\$ 172,945		100%
MHAIA Commun/Analytics	\$ 405,403		100%	
Total Funding	\$ 64,660,403	\$ 62,611,235		
Total funding including Reserve	\$ 67,755,000	\$ 62,438,290	\$ 5,316,709.89	8.52%
APEAM Market Reporting		\$ 172,945		
MHAIA Communications/Analytics	\$ 405,403			
Total	\$ 68,160,403	\$ 62,611,235	\$ 5,316,710	8.49%

Upon conclusion of the budget presentation there was another discussion on volume and concern was expressed that we need to remain conservative and implement budget number one, reflecting a 2-billion-pound estimate. Gabriel recommended to stay with 2 billion pounds, keep \$3.5MM worth of programs on hold and review the matter during the September Annual meeting. Dolora will rework the numbers and the JEC will review and make recommendations in the afternoon.


Alvaro and Miguel presented AFM’s marketing and administrative budget for the coming fiscal year.

- Carry Over: we are projecting savings of \$3,700,000 that are already impacted in the FY20 budget numbers and marketing plan.
- Total AFM budget for FY20: \$63.2 million based on an import volume of 2 billion lbs. Budget is \$5.9 million over previous year.
- Net Admin budget for FY20: \$10.3 million that represents a 15% of the total budget, same percentage as previous year with a total increase of \$1.5 million. This net sum does not include:
 - Lon-term planning consulting costs: \$850k (FY19) and \$125k (FY20)
 - APEAM’s special investment for the Avocado House: \$3.5 million.
- Total Marketing budget for FY20: \$52.8 million that represents a 85% of the total budget, same percentage as previous year with a total increase of \$4.4 million

Alvaro presented the detailed budget by area compared to previous year and the major differences per area:

MARKETING & TRADE BUDGET: \$52,8 MILLION 

	2017- 2018 PROJ	2018- 2019 BUD	DIFFERENCE	DF %	SHARE
CONSUMER MEDIA	\$15,037,835	\$16,087,500	\$1,049,665	7%	30%
CONSUMER PR	\$808,500	\$1,900,000	\$1,091,500	135%	4%
HISPANIC CONSUMER	\$3,066,703	\$2,339,500	(\$727,203)	(24%)	5%
RESEARCH	\$1,686,873	\$1,302,500	(\$384,373)	(23%)	2%
DIGITAL	\$7,441,846	\$8,768,000	\$1,326,154	18%	17%
FOODSERVICE	\$4,745,725	\$5,245,000	\$499,275	11%	10%
TRADE	\$5,124,574	\$5,875,000	\$750,426	15%	11%
MARKET DEVELOPMENT	\$10,534,716	\$11,338,250	\$803,534	8%	21%
TOTAL AFM MARKETING	\$48,446,772	\$52,855,750	\$4,408,978	9%	100%



CONSUMER MEDIA	CONSUMER PR	FOODSERVICE	DIGITAL
+\$1,05 MM VS YA +\$300K ADDITIONAL TV MEDIA DOLLARS +\$410K NON-TV PRODUCTION. +\$1,24 MM NON-TV MEDIA. +\$140K STRONGER SCHOOL PROGRAM -\$610K PRODUCTION -\$400K CINCO EXPERIENTIAL	+\$1,09 MM VS YA +\$197K AGENCY FEES +\$185K H&W PROGRAM +\$225K CINCO PROGRAM +\$535K PR SUPPORT DIGITAL, SHOPPER & FOODSERVICE -\$150K SUPER BOWL PR PROGRAM.	+\$499K VS YA +\$290K CONCESSION PROGRAMS (DALLAS & MIAMI) +\$75K GUAC CARTS. +\$93K AFM RESTAURANT +\$183K EVENTS, PR & CULINARY IDEATION. -\$179K CULINARY MANAGER, VIDEO PRODUCTION & DISTRIBUTORS.	+\$1,33 MM VS YA +\$1.23 MM HISPANIC MEDIA +\$330K PAID SOCIAL +\$379K H&W PROGRAM +\$356K CRM PLATFORM +\$450K BRAND CAMPAIGN -\$517K TASTEMADE PROGRAM. -\$340K PAID SEARCH & SEO. -\$529K DIGITAL PHOTOGRAPHY, CINCO & SALAD HUB BUILDOUT.
RESEARCH	HISPANIC	MKT DEVELOPMENT	TRADE
-\$384K VS YA +\$38K FOODSERVICE RESEARCH PATRONS 2.0 +\$167K SHOPPER RESEARCH KANTAR & INFOCUSOUT. -\$350K HISPANIC RESEARCH. -\$104K CONSUMER RESEARCH COPY TESTING. -\$150K SUPER BOWL PR PROGRAM.	-\$750K VS YA +\$400K RADIO PRODUCTION & MEDIA. +\$468K TV PRODUCTION. -\$805K MEDIA. -\$525K DIGITAL PROGRAMS. -\$221K DIGITAL PROGRAMS.	+\$804K VS YA +\$762K EDUCATION & OMNICHANNEL +\$300K OPPORTUNISTIC +\$294K H&W BUBLY AND MEXICAN HH'S +\$158K EVENTS +\$470K E-COMMERCE -\$1.1 MM COUPONS.COM/NEWS AMERICA/ BREAKFAST/ MIDWEST/ CONTRACTOR	+\$750K VS YA +\$300K INCENTIVE TRADE PLANS +\$270K IN-STORE GUAC MERCHANDISING +\$129K NIELSEN ANNUALIZED + MARKET 6 DATA + TABS

Miguel M. presented the main financial assumptions for fiscal year 2020

- Two new Marketing Positions will be incorporated to the team:
 - Culinary Manager: This position was sourced via a Marketing Agency and now the position will be brought under AFM's payroll for Fiscal Year 2020. No impact on additional costs for AFM. This position will replace Brian Wilford.
 - Food Service Sales Manager: New Sales Manager will continue supporting the growth of Food Service opportunities in the marketplace concentrating in non-traditional operators: 5C's (Concessions, Captive Feeders, Companies, Convenience and Caravansary).
- One Administrative Position
 - FP&A Analyst: This new position is aligned with The Cambridge Group's long-term strategic growth plan and will support directly the CFO in business intelligence and reporting.
- Four promotions budgeted for AFM team members
 - Casey Evans -> Senior Foodservice Sales Development Manager
 - Ivonne Kinser -> Senior Digital Marketing Director
 - Michael Lemos -> Senior People & Culture Manager
 - Dunia Salguero -> Compliance and AP Accounting Manager
- We are estimating a general 4% Cost of Leaving Adjustment (COLA). Final COLA % COLA increase is pending actual performance evaluations.
- We estimated a 10% increase in all medical, dental, vision and Life insurance plans and a 2.5% increase on travel expenses due to inflation, plus additional travel expense dollars for the new positions.
- Marketing Admin expenses increased by \$353K or 5.2%
 - Main increases are explained due to the net annualization of positions that were hired during the current fiscal year (partial year) that will now

be fully accounted in the new fiscal year. Other increases include, the two new Marketing positions, the two employee promotions, and the increase in benefits, COLA and travel expenses.

- There is a significant decrease under the “Meeting and others” general ledger line, as we are not incurring on the one time The Cambridge Group Long Term strategic expense.
- Administrative Operational Expenses increased by \$4.2 million dollars or 144%
- Salaries and Benefits increased by \$224K of 21.8% due to the new FP&A position, two employee promotions, and the calculated increases in Benefits and COLA.
- Operational Expenses increased \$3.98 million or 210%
 - The main increase is due to a \$3.5 million support to APEAM’s Avocado House.
 - Gabriel Villasenor requested to move APEAM’s avocado house expense to a separate sub-total to avoid over-estimating the calculated administrative expenses.
 - Operating Expenses increased \$466K or 30.7% due to AFM’s office expansion, additional IT licenses/Professional services, additional support to the Culture Committee, and additional training funding for new employees.
- Once we deduct noncash flow activities (depreciation) and the onetime extraordinary expenses, such as The Cambridge Group Long Term Planning and APEAM’s avocado house, AFM’s total administrative expenses is calculated at 15.5% of the total revenue. Current Fiscal year is calculated at 15.2% of the total revenue.

Miguel Molina and Michael Lemos presented a Human Resource update.

Miguel M. Presented the Accounting and Administration strategic framework and its main core processes:

1. Procure to Pay Cycle

- Accounting will implement a new contract management application to improve its internal controls and consolidate multiple manual processes. All future contracts, including its notes and approval workflow, will reside under a single system platform.
- AFM will implement a Help Desk application through Salesforce to keep track of Vendor invoices workflow and improve IT tickets satisfaction. The new system will consolidate all requests under a single application and will generate data to measure and address recurrent issues, such as system training and/or underperforming vendors.
- AFM will implement a Contract Management platform through Salesforce called Conga to control the workflow approval process and secure historical records.

- Total investment of both the Contract Management and the Help Desk application is estimated at \$340K/year in license and fees and a onetime \$30K implementation charge.

2. Budget, Financial Planning and Analysis (FP&A) and Analytics

- AFM has made a positive progress with its new Budget application platform Adaptive Insights and has already consolidated Marketing and Administrative budget data. Miguel M. will continue working with the application to improve its reporting and analytics functionality.
- Miguel M. is reorganizing the accounting team structure to better support the department goal and future growth. AFM will promote Dunia Salguero as Compliance & AP Accounting Manager and will move Gadana Moore to report directly to her. Also AFM will hire a Business Intelligence Senior Analyst to support the strategic future growth based on the recommendation presented by The Cambridge Group in our Long-Term Strategic Planning.
- Miguel M. presented an update on the Cybersecurity project. AFM selected Slalom Consulting to perform a company security assessment and implement best practices in the industry. Project will begin in June 2019.
- Miguel M. presented a general overview of the Accounting Fiscal Year 2020 project plan.

3. Employee Lifecycle (Human Resources)

- Michael L. presented a general overview of the six steps that are included in the Employee Lifecycle where the employee experience is at the core of the process.
 - a) Onboarding, compensation, Benefits and Payroll**
 - AFM will implement a new integrated system to consolidate the onboarding, benefits and payroll cycle.
 - AFM selected Insperity to integrate Payroll, HR and benefits.
 - Insperity is a Professional Employer Organization that will give AFM access to the number one Health provider network in the Nation (United Healthcare). The new system will improve our legal compliance and improve the employee experience by consolidating multiple applications in a single platform.
 - AFM ran a financial analysis of the new Insperity system implementation will not increase the current cost that the company is incurring.
 - In summary, Insperity's implementation will cost the same as our current year's cost and give us access to a better medical network and access best system practices in the industry.

- To continue supporting Health & Wellness in our employees, AFM will maintain the preventive health plan with Cooper’s Clinic for executives and will offer a new benefit of expensing \$50 a month related to paid activities that will improve our workforce H&W.

b) Performance Management

- The Cambridge Group identified AFM as a Performance-Driven organization and identified four core focus areas as best practices in this type of organizations:

There Are Three Primary Areas Where Model Organizations With a Performance Driven Culture Excel

Best Practices of Model Organizations



- Set SMART* goals and KPIs for each staff member that are closely aligned to organizational strategy and management objectives
- Prioritize goals and motivate staff through performance based incentive plans (monetary and non-monetary)
- Empower functional leaders to design & pursue the strategies used to achieve goals and KPIs
- Monitor stakeholder satisfaction (customers, consumers, employees) regularly

- Alvaro L. presented the new performance management application for Fiscal Year 2020. The new tool’s name is Avocados Management by Objectives (AMBO).
- AMBO will host all company Goals and Objectives and ensure alignment with the company’s operating guidelines and competencies.
- AMBO will follow a quarterly review and not an annual performance review where all objectives are 100% measured.
- AMBO will launch July 2019.
- Michael L. presented the new consolidated company’s competencies as a set of skills and behaviors for “how” employees will achieve their objectives:
 - c) Drive for Results
 - d) Foster Innovation
 - e) Collaboration
 - f) Purposeful Communication
 - g) Growth & Development
 - h) Cultivate Mexicanity & Community

i) Training and Development

- Michael L. presented an update on AFM’s 360 assessments for Executives and the plans to expand a 360 review to a new group of AFM employees in the Fiscal Year 2020. Group 2

includes high potential employees like: Dianne Le, Stephanie Browder, Alfonso Delgado, Oscar Garcia and Michael Lemos.

j) Organizational Culture

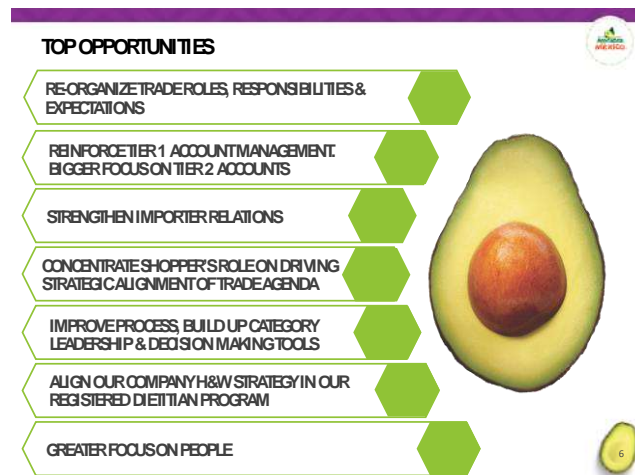
- Michael L. presented an update on the main activities performed by the culture committed this fiscal year.
- Michael L. also presented a status on the internship mentoring program. Two interns will begin on the last week of May: One intern will work with the Marketing Digital team and another intern will work with the Administrative team.

k) Michael L. presented a general overview of the HR Fiscal Year 2020 plan.

Stephany Bazan Presented an update on market development, Trade and shopper marketing.

Stephanie Bazan presented an update on the transition of the new Market Development organization including Trade and Shopper. The new organization will consist of five areas: Trade, Importer Relations, Shopper, Events & Registered Dietitians.

Stephanie presented the top opportunities found in her area after the first two-month assessment:



Based on these opportunities the team will implement some important actions:

- Transition Trade Analyst position to shopper.
- Centralize all Hispanic accounts under one Regional Director (Erick Coronado)
- Centralize the majority of our Tier 1 accounts under a dedicated National Accounts Director. (Tanya Edwards)
- Appoint a National Accounts Development Manager to support National Accounts Director based in Dallas.

- New account segmentation and restructure tier 2 & 3 responsibilities. Strategic development of "high potential" accounts especially in the Midwest.
- Focus on driving consistent outreach and communications with importer and APEAM stakeholders via dedicated Sr Manager AFM resource. Bilingual APEAM liaison with sourcing and distribution knowledge.
- Launch "Avo Communicator" communications platform (June 2019)
- Eliminate all foodservice account responsibilities and move them to the Foodservice team.
- Transition all GM merchandising and trade show logistics responsibilities to Events.
- Strengthen reporting, market data analysis and decision making by partnering with new vendors InfoScout and TABS that will replace Category Partners.

After Lunch, Alvaro presented the new marketing plan, strategies and concepts.


Alvaro L. presented his Big Priorities for the new fiscal year:

- Activate our long-term planning roadmap into FY19-20 plan.
- Explore and reinforce a Mass Personalization marketing approach for AFM in every area of the company.
- Expand our Foodservice experiential program.
- Understand and test omnichannel retail programming through shopper and trade.
- Reinforce and launch company tools to improve results measurement and track KPI success.
- Reinforce Company Culture.

As part of these priorities, Alvaro presented the updated Strategic Framework based on the long-term planning process with the Cambridge Group:



Alvaro presented the top priorities for FY20 based on the biggest growth opportunities detected by the Cambridge Group.

AFM 2019- 2020 PRIORITIES 

PRIORITY 1	PRIORITY 2	PARKING LOT
<ul style="list-style-type: none"> • Branding • Consumer Education • Health & Wellness • Mexican Hand Helds (Foodservice & Retail) • Guacamole & Chips (Foodservice & Retail) • Traditional Hand Helds (Foodservice) 	<ul style="list-style-type: none"> • Salads (Retail) • Consumer Mindset (Foodservice Patrons) • Expansion Targets (New Gens 18-24's) 	<ul style="list-style-type: none"> • Plain • Breakfast (national play) • Expansion Targets (New Nesters 45- 54's) • Regional Expansion: Midwest & South

To develop these opportunities, three areas will lead the main strategic pillars as Company Champions: Consumer will lead BRANDING, Market Development will lead EDUCATION, and Digital will lead HEALTH & WELLNESS.

Kevin Hamilton presented his Big Priorities for FY20:

- Establish PR as a major effective communication tool for AFM collectively.
- Revamp AFM strategic pathways to align multiple disparate strategic & creative guidelines/books.
- Establish diverse media plans that meets consumers where they are “beyond the screen”.
- Push new effective ways to establish the “Always In Season” as THE differentiation point seen as valuable to the consumer.
- Establish a fresh new approach toward **Hispanic marketing** that is more targeted and traverses across language and cultures like our consumers do.

Kevin presented the updated communication strategy for the brand developed in conjunction with the new agency BBDO to support our High Value message:

- New Brand Defining Idea: AVOCADOS FROM MEXICO ARE UNIQUELY IRRESISTIBLE.

Kevin present FY20 media plan for General market based on a total investment of \$11,050,000. New media plan will concentrate 79% in Offline TV, 14% in OTT and 7% in streaming audio through Pandora.

Kevin presented the Super Bowl 2020 negotiation goal based on a total investment of \$7.28 million breakdown the following way:

- Super Bowl ad: \$4.4 million/ Hispanic Spot \$22k/ Live Stream \$230k/ FOX Match \$2 million

Kevin presented our Hispanic marketing update where the company will be focusing in the Savvy Blenders segment moving forward. To improve our HM strategy AFM will conduct a learning plan with studies through Culturati, Cambridge Group and Collage.

Kevin presented the new generations program for FY20 with Scholastic reaching more than 100,000 teachers grades K-5 in schools.

Ivonne Kinser presented her top priorities for FY20:

- Launch AFM'S first 365 H&W program- all areas, all year-round.
- Launch our first integrated CXM platform which will connect each part of the total business through multiple touchpoints.
- Become the largest source of guacamole knowledge and information online.
- Optimize our approach to web development to be more strategic, more integrated and more aligned with overall objectives of the brand.
- Realign processes: from media to creative development, to reduce waste, increase efficiencies and optimize the utilization of our resources.
- Lead, develop and launch an AFM innovation project to distill innovative thinking within the organization.

Ivonne presented the highlights on our digital media plan that will focus on four areas: Brand, Education, Health & Wellness and Core Uses.

As the H&W Champion, digital will implement two national programs to support the key message that avocados are good for the heart thanks to their good fats.

- General Market: National partnership with MyFitnessPal
- Hispanic Market: National partnership with Thalia as the brand spokesperson for H&W in Hispanics.

Ivonne presented a plan to support Core Uses, with the launch of the Flavor Universe platform that will have an important focus on Mexican hand helds and will launch a Guac support programs through machine learning and artificial intelligence creating the first virtual influencer for the produce industry (Guacamolyst).

Ivonne presented the CRM plan for FY20 where the top priority is the creation of the online community Avocado Nation. To support this launch the company will reinforce the monthly newsletter program Avolution and will re-launch the chatbot platform into an intelligent Avo-Assisstant that will educate and promote additional consumption in our dedicated database.

Stephanie Bazan presented her top priorities for FY20:

- Establish Mexican handheld-focused shopper & trade initiatives.
- Elevate education to new heights with packaging and launch B2B education initiative.
- Converge salads and H&W for a holistic, streamlined program.

- Go bigger with Walmart and implement omnichannel test
- Develop lead generation link at retail.
- Re-focused trade account strategy.
- Integrate and unify shopper and trade.

Alfonso Delgado presented the flex fund investment plan for Power Accounts and the new trade segmentation process where we will create a new segment of Super Tier 2 accounts that will be developed as high potential accounts for the future. Super Tier 2 include accounts like:



Dianne Le presented the Seasonal Program plan that will consist of five national promotions with top partnerships:

- **FLAVOR YOUR HERITAGE:** will support Hispanic Heritage month in partnership with Bud Light Chelada and Tabasco. Promotion is scheduled for September and October 2019.
- **TASTIEST TAILGATE:** will support Football Season in partnership with Bud Light. Promotion is scheduled for September through December 2019.
- **GUAC NATION:** will support Super Bowl in partnership with Bud Light and Tabasco. Promotion is scheduled for January and February 2020.
- **TACO TIP OFF:** will support March Madness in partnership with Mission Foods. Promotion is scheduled for February and March 2020.
- **CINCO CENTRAL:** will support Cinco de Mayo in partnership with Tostitos. Promotion is scheduled for April and May 2020.
- **MEMORIAL DAY:** smaller promotion to support national holiday weekend in May 2020. No partnership.

Dianne Le and Stephanie Bazan presented the Power Accounts program including the following initiatives:

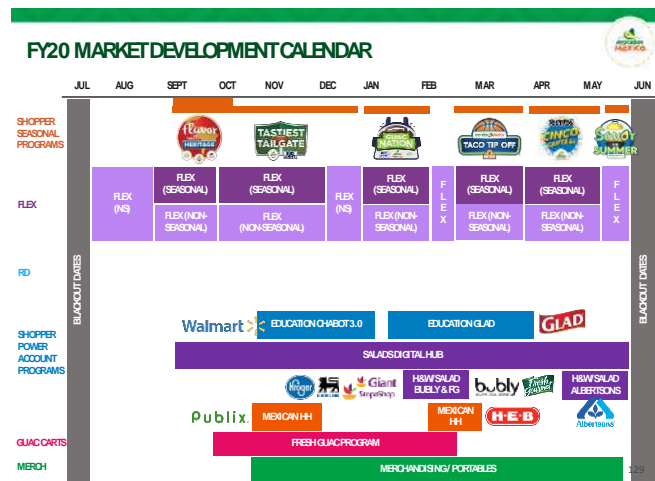
- **Education:** continue the partnership with Glad and develop Walmart as AFM's national education retail partner. AFM is working on a limited packaging edition of Glad's Press Seal with avocados including a joint shipper program for Walmart. AFM will also present to Walmart a first ever Omnichannel program to support education including media, chatbot, grocery pick up and home sampling program.
- **Education B2B:** AFM will launch an interactive education training website for retail and foodservice that will include a series of education videos and the opportunity to order education printed materials like handouts, brochures and backroom posters.

- Health & Wellness: continue supporting the Salad Hub with Fresh Gourmet and bring new national partner Bubby (Pepsico) to create beverage pairings with avocado salads. Will target new salad shipper drop with Fresh Gourmet in Albertsons for May 2020.
- Mexican Hand Holds: launch new programs with Publix in the fall and HEB in the spring through their Taco Night initiative.

Dianne presented new shopper Text-in-store initiative that will be included in the seasonal bins to create additional consumer engagement and generate leads for the CRM program.

Dianne presented the updated coupon strategy for the company and the coupon calendar that projects 25 million coupons in FY20 through integrated programs between shopper and trade.

Stephanie presented final Market Development calendar for FY20:



Stephanie presented proposed guidelines to support branded seal initiative in cases and bags. Guidelines will be available in English and Spanish and would not be part of an incentive program. It will be voluntary to participate. The initiative includes three options for the packers and importers to choose from with different support levels from AFM.



Maira Morales presented her top priorities for FY20:

- Establish AFM as an Innovation Powerhouse and take at least 30% of recipe ideation in-house.

- Reinforce and expand our flagship concession program to showcase the versatility of avocados with diverse sports and consumer audiences.
- Take Avocado University to a new level of excellence to attract and engage high-level chefs.
- Launch the first-ever 'Avocado-Centric Polished Casual Restaurant' to engage with consumers and utilize as a living learning lab for operator partners.
- Reinvent Guac and take it to the next level through unique innovation techniques, operator ideations and education.
- Expand Fresh Seal/Fresh Avocado program with paid media to increase awareness and begin communication with FS patrons to drive them to operators using fresh avocado.

Ivonne Kinser presented Foodservice media plan driven 100% by digital. Plan will be concentrated 53% on Search, 26% on LinkedIn, 7% on Twitter and 14% on AdAdaptive.

Maira Morales presented the continuous education program using the Myth Busters campaign and complementing them with a set of new education and training videos that will be developed in AFM's Culinary Center. As part of the education priority, AFM will continue supporting the Avocado University with a new improved format, the Made in Mexico tour and a new education program with NRA in 2020.

Maira presented the innovation program that will be focused on key core uses growth areas: Mexican hand helds, traditional hand helds and guacamole. The objective is to reinforce internal innovation to bring close to 40% of annual ideations in-house. To support guacamole, AFM will launch a Guac platform with innovation techniques, recipe ideas, and research assets.

Casey Evans presented new prioritization to select the 45 focus accounts for FY20. This focus list is divided in four areas:

- Fast Casual & Casual Dining Accounts (Ex. IHOP, TGIFridays, Chilis, etc),
- Traditional Hand Held Accounts (Ex. Panera, Potbelly, Jersey's Mike, etc.)
- Burgers Accounts (Ex. Smash Burger, Red Robin, Carl's Jr, etc.)
- Mexican Food Accounts (Ex. Qdoba, Chipotle, Moe's, etc.)

Casey presented an LTO update with current promotions on top clients and a plan to continue reinforcing the Fresh Seal program with a dedicated landing page to support accounts that using fresh avocados.

Stephanie Browder presented the status of the Concessions Flagship Program based on the following strategy:

- Develop 4-5 Flagship experiences by FY2023
- Varied geographic locations, sports and consumer targets.
- Unique avocado experiences
- Leverage success with smaller activations in other venues.

Stephanie presented results on the first Flagship program with the American Airlines Center in Dallas where avocado sales have increased over 500% since launch less than a year ago. AFM will renew it's contract with the AAC for FY20.

Stephanie confirmed second flagship program to be launched with the Hard Rock Arena in Miami. The concept developed is around Mexican hand helds under the name of "Tacos Por FAVOR". Partnership includes the following:

- Branded AFM Tacos concession stand in stadium on premiere level
- Branded AFM Tacos kiosk in stadium on main concourse level
- Branded AFM Guac Cart program on suite level
- Additional AFM concession stand integration & menu board branding
- Suite and Event Tickets
- AFM Branding: "Avocados From Mexico is the official avocado of the Hard Rock Stadium"



The objective is to start negotiating in FY20 AFM's third concession Flagship experience that will be focused on baseball. Stephanie presented two new concepts that will be offered: Rockin' Guac (Guacamole) and Avo Dog Grill (hot dogs).

To support our experiential program, Stephanie presented the new Avo Tour in colleges and universities that will launch in spring 2020. New program will have a two day program, dedicating one on a remote Avocado University experience with the Foodservice team in each college.

Stephanie presented status on AFM's restaurant Avo Eatery. Restaurant will be launched during fall 2020.



After the marketing presentation the JEC went into recess and will reconvene the following day to approve

Upon readjourning, the revised budget was presented, and Mike motioned to accept the amended 18-19 budget as discussed, the previous day. Gary Caloroso seconded the motion, and all were in favor.

Gary Caloroso motioned to accept the 2019-20 budget proposal as discussed previously and this motion was seconded by Mike Browne. The motion passed without objection.

New Business:

There being no new business, Mike Browne motioned to adjourn which was seconded by Gary Caloroso. All were in favor.

Respectfully Submitted

Ron Campbell
Secretary, AFM