



Mexican Hass Avocado Importers Association
Annual Meeting Minutes
September 17/18, 2019

Place

AFM Headquarters
Culinary Center
Las Colinas, Texas

Time: 1:00 – 4:00 PM
9:00 – 3:30 PM

Board of Directors:

Growers / Packers

| | | Term Expires |
|---------------------------------|----------|--------------|
| Gabriel Villaseñor (Vice Chair) | Director | 2020 |
| Jaime Rivas Campbell | Alt | 2020 |
| Adrian Iturbide | Director | 2020 |
| Jorge Vallejo Esquivel | Alt | 2020 |
| David Ruiz Vega | Director | 2019 |
| Gustavo Rivas Benitez | Alt | 2019 |
| Carlos Genel (Treasurer) | Director | 2019 |
| Jose Alfredo Hernandez | Alt | 2019 |

Importers

| | | Term Expires |
|-----------------------------|----------|--------------|
| Jon Ulrich | Director | 2020 |
| Giovanni Cavaletto | Alt | 2020 |
| Jorge Hernandez (Secretary) | Director | 2020 |
| Rigo Perez | Alt | 2020 |
| Mike Browne (Chairman) | Director | 2019 |
| Gary Calaroso | Alt | 2019 |
| Aaron Acosta | Director | 2019 |
| Gahl Crane | Alt | 2019 |

AMS: _____
Vicky Carpenter

Officially Present: _____
Armando Lopez
Dolora Sillman
Stephanie Bazan
Ron Campbell
Alvaro Luque
Kevin Brosch

Maura Morales
Casey Evans
Miguel Barceña
Ron Lopez



Members

Jim Donovan
Dave Billings
Bob Lucy

Javier Medina
Jose Luis Gallardo
Peter Shore

Russell Faulks
Fernando Torres
Jose Avila

Guests:

Kimin Cho
Domenic Veneziano

John Hamm

Megan Fulton

Meeting Convened:

Upon conclusion of the AFM meeting, Chairman Mike Browne called the MHAIA meeting to order, took the roll call and established a quorum. Kevin Brosch read the antitrust policy that was also distributed to the participants as part of the agenda. Mr. Browne requested comments on the May board meeting minutes. Jorge Hernandez motioned to approve the minutes which was seconded by Jon Ullrich. The motion passed without objection.

Financial Audit:

Mike introduced Ron Lopez of Gruber and Associates to provide the results of the MHAIA / AFM consolidated financial statements.

No significant audit findings were discovered after reviewing the following criteria: Qualitative Aspects of Accounting Practice, Difficulties Encountered in Performing the Audit, Corrected and Uncorrected Misstatements, Disagreements with Management, Management Representations, Management Consultations with Other Independent Accountants and Other Audit Findings or Issues.

The full financial audit can be made available upon request and will be posted on the MHAIA website.

In addition, there was a request to have copies of the draft financial audit

Mike entertained a motion to accept and approve the Financial Audit. Jon Ulrich motioned to approve the audit which was seconded by Jorge Hernandez. There was no objection.

Treasurers Report and Crop Report:

Dolora Sillman presented the Cash Balances of MHAIA and AFM as of as of September 13,2019, the Collateralization as of Aug 30, 2019, and the MHAIA result of operation as of August 2019. (see details below)



Cash Balances

As of September 13, 2019

As of September 13, 2019

| | <u>MHAIA</u> | <u>AFM</u> | <u>Total</u> |
|---|------------------|------------------|-------------------------|
| Balances | | | |
| AFM-EX MM Acct | | 602,907 | 602,907 |
| Citizens Business Bank-MHAIA MMKT | 9,656,173 | 2,907,047 | 12,563,220 ¹ |
| Citizens Business Bank-APEAM MMKT | | 1,398,748 | 1,398,748 |
| Citizens Business Bank-Optg. (with OChecks) | 1,000 | 223,308 | 224,308 |
| Petty Cash | | 2,500 | 2,500 |
| Total | 9,657,173 | 5,134,511 | 14,791,684 |

MHAIA:

¹ MHAIA MMKT Balance as of Sep 13 of \$9.66 M does not include the August Assessment estimate of \$2.5M

Volume and cash scenarios based upon an increase from 2.0 billion lbs. to 2.1 Billion lbs.:

There were 2 scenarios presented:

- Volume at gross of 2.1 billion pounds, net of 2.04 billion pounds.
- Volume at gross of 2.2 billion pounds, net of 2.14 billion pounds.
- Reserve goal of 15%

The Board agreed to the earlier JEC Recommendation to an increase in volume of 100 million pounds from 2 billion pounds to 2.1 billion pounds. The increase in volume will result to an increase in the assessment revenue from HAB of \$2.09 million net of organic and re-export.

Jon Ulrich motioned to the increase in volume from 2.0 to 2.1 billion lbs. resulting in a budget increase of \$3MM (\$2MM from MHAIA and \$1MM from APEAM). The \$3MM will be intended for Spring promotions and will be restricted for board approval. The motion was seconded by David Ruiz.*

- * In an electronic vote later in November, a majority of MHAIA board members voted in support to release the funds for Spring promotions.



Volume and Cash Reserves

| | FY 18-19-May 2019 Amended Budget /Estimate | FY 18-19-Actual | FY-20 Approved Budget | FY-20-Scenario 1 | FY-20-Scenario 2 |
|---|--|----------------------|--------------------------|----------------------|----------------------|
| Volume-Gross (in pounds) | 2,108,480,205 | 2,053,901,354 | 2,000,000,000 | 2,100,000,000 | 2,200,000,000 |
| Organics | (59,897,495) | (57,486,854) | (55,000,000) | (56,143,762) | (58,893,762) |
| Re-export | (871,747) | (1857,798) | (800,000) | (109,191) | (1,059,191) |
| Net Volume | 2,047,710,964 | 1,994,556,702 | 1,944,200,000 | 2,042,837,048 | 2,140,047,048 |
| Operating Revenue and other Support (\$) | \$ 44,260,216 | \$ 43,022,562 | \$ 42,230,904 | \$ 44,326,941 | \$ 46,392,654 |
| Board Contribution | 44,245,207 | 43,005,682 | 42,215,304 | 44,311,341 | 46,377,054 |
| 400001APEAM Board Contribution | 731,349 | 621,352 | 901,054 | 901,054 | 901,054 |
| 400003 HAB Contribution | 43,513,858 | 42,384,330 | 413,14,250 | 43,410,287 | 45,476,000 |
| Interest Income | 15,007 | 16,880 | 15,600 | 15,600 | 15,600 |
| Marketing | 42,923,118 | 41,662,506 | 44,689,825 | 44,689,825 | 44,689,825 |
| AFM Marketing | 41,625,527 | 40,750,728 | 42,836,667 | 42,836,667 | 42,836,667 |
| MHAIA Communications and Analytics | - | - | 405,403 | 405,403 | 405,403 |
| MHAIA Marketing | 1,297,591 | 911,777 | 1,447,755 | 1,447,755 | 1,447,755 |
| Administrative Expenses | 804,412 | 694,415 | 960,785 | 960,785 | 960,785 |
| Total Expenses | 43,727,529 | 42,356,920 | 45,650,610 | 45,650,610 | 45,650,610 |
| Net Change in Assets | 532,686 | 665,643 | (3,419,707) | (1,323,668) | 742,043 |
| Calculated Result | 532,686 | 665,643 | (3,419,707) | (1,323,668) | 742,043 |
| Adjustments to reconcile change in net assets to net cash/Management in Working | 1,064,214 | 3,659,949 | (193,019) | (2,788,753) | (3,098,612) |
| Net Inc/(Dec) in Cash and Cash Eq Equivalents, Beginning of period | 1,596,900 | 4,325,592 | (3,612,726) | (4,112,422) | (2,356,569) |
| | 8,240,884 | 8,240,884 | 9,837,784 | 12,566,476 | 12,566,476 |
| Cash and Cash Equivalents, End of period | \$ 9,837,784 | 12,566,476 | \$ 6,225,059 | 8,454,054 | \$ 10,209,908 |
| Reserve ratio | 22.61% | 29.65% | 15.07% | 19.47% | 22.45% |
| Excess Cash | \$ 3,310,705 | \$ 6,208,827 | \$ 27,922 | \$ 1,942,511 | \$ 3,388,508 |

Executive Director Report:

Some current events impacting MHAIA and AFM Include:

- Proposed legislation that would impact research and promotion boards
- USMCA Implementation
- Jalisco Status
- "Lot" Definition
- FDA Sampling Assignment
- Hass Avocado Board's Avocado Industry Leadership Program



Crop Report Comparison 2014 – 2019:

| Year | Medium Range Estimate Lbs. | Medium Range Estimate Tons | Total Acres | Total Hectares | Pounds / Acre | Tons / Hectare | Percent Shipped |
|---|----------------------------|----------------------------|----------------|----------------|---------------|----------------|-----------------|
| 2014 Loca | 217,869,626 | 98,824 | | | | | |
| 2014-2015 First Stage | 1,412,579,420 | 640,735 | 213,313 | 86,325 | 6,622 | 7.42 | |
| 2014-2015 Second Stage | 935,016,609 | 424,116 | 220,947 | 89,414 | 4,232 | 4.74 | |
| 2014-2015 Total Estimated Volume | 1,630,449,046 | 739,559 | | | | | |
| 2015-2016 Actual Seasonal Volume | 1,496,145,592 | 678,640 | | | | | 91.76% |
| 2015 Loca | 433,426,536 | 178,915 | 220,951 | 89,416 | 1,785 | 2.00 | |
| 2015-2016 First Stage | 1,286,747,420 | 583,659 | 243,468 | 98,528 | 5,285 | 5.92 | |
| 2015-2016 Second Stage | 730,029,380 | 331,136 | 255,174 | 103,265 | 2,861 | 3.21 | |
| 2015-2016 Total Estimated Volume | 1,720,173,956 | 780,258 | | | | | |
| 2015-2016 Actual Seasonal Volume | 1,909,384,558 | 866,082 | | | | | 111.00% |
| 2016 Loca | 495,683,434 | 224,838 | 274,234 | 110,978 | 1,808 | 2.03 | |
| 2016-2017 First Stage | 1,558,925,982 | 707,118 | 274,234 | 110,978 | 5,685 | 6.37 | |
| 2016-2017 Second Stage | 1,326,654,789 | 601,760 | 285,228 | 115,428 | 4,651 | 5.21 | |
| 2016-2017 Third Stage | 892,932,150 | 405,027 | 285,228 | 115,428 | 3,131 | 3.51 | |
| 2016-2017 Total Estimated Volume | 2,054,609,416 | 931,955 | | | | | |
| 2016-2017 Actual Seasonal Volume | 1,660,330,777 | 753,113 | | | | | 80.81% |
| 2017 Loca | 479,534,263 | 217,513 | 300,862 | 121,755 | 1,594 | 1.79 | |
| 2017-2018 First Stage | 1,784,074,982 | 809,243 | 300,994 | 121,808 | 5,927 | 6.64 | |
| 2017-2018 Second Stage | 1,047,527,563 | 475,151 | 313,808 | 126,994 | 3,338 | 3.74 | |
| 2017-2018 Total Estimated Volume | 2,263,609,246 | 1,026,756 | | | | | |
| 2017-2018 Actual Seasonal Volume | 1,892,289,093 | 858,328 | | | | | 83.60% |
| 2018 Loca | 354,662,364 | 160,872 | 327,586 | 132,569 | 1,083 | 1.21 | |
| 2018-2019 First Stage | 1,882,179,433 | 853,742 | 327,586 | 132,569 | 5,746 | 6.44 | |
| 2018-2019 Second Stage | 1,231,011,492 | 558,377 | 332,238 | 134,452 | 3,705 | 4.15 | |
| 2018-2019 Total Estimated Volume | 2,236,841,797 | 1,014,614 | | | | | |
| 2018-2019 Actual Seasonal Volume | 2,053,901,354 | 931,634 | | | | | 91.82% |
| 2019 Loca | 434,609,903 | 197,136 | 340,459 | 137,779 | 1,277 | 1.43 | |
| 2019-2020 First Stage | 2,232,531,127 | 1,012,659 | 340,110 | 137,638 | 6,564 | 7.36 | |
| 2019-2020 Second Stage | | | | | | | |
| 2019-2020 Total Estimated Volume | 2,667,141,030 | 1,209,795 | | | | | |
| 2019-2020 Actual Seasonal Volume | 293,536,684 | 133,146 | | | | | 11.01% |

The General consensus by the board was that considering the scope and immensity of the program area being analyzed (over 138 thousand hectares), Jasso's forecasts have been consistently reliable.

Upon conclusion of the crop report comparison, Jorge motioned to adjourn and reconvene the following morning. Gabriel seconded the motion. Motion passes

September 18, 2019

MHAIA Board reconvenes:

Monarch Butterfly and Reforestation Project:

Mike Browne introduced Michael Hamm and Megan Fulton for an update on the Monarch Butterfly populations and MHAIA's reforestation efforts in and around the Monarch Butterfly biosphere in partnership with Forests for Monarchs (FFM) and the La Cruz Habitat Protection Project (LCHPP).



Since the beginning of the MHAIA and FFM relationship we have planted over 600,000 trees, using 540 volunteers, on 550 hectares of reforested land. Survival is at an above average rate of 79%. Upon conclusion of the presentation, Aaron Acosta motioned to continue the MHAIA and FFM / LCHPP relationship and release \$100,000 for this fiscal year. The motion was seconded by Jorge Hernandez which passed without objection.

FDA Inspection Preparation:

Mike Browne introduced Domenic Veneziano, retired Captain of FDA's USPHS, to provide a presentation on how to prepare for an FDA food safety inspection.

The presentation can be made available upon request.

Election results and seating of new board:

1. Ballots were collected by the Newport Beach office of Gruber and Associates and were controlled in a secure area in our firm prior to data entry into our ballot tally summary schedule.
2. After data entry, all votes were recounted by a second accountant.
3. The ballot tally summary schedule, in descending order by vote count, was provided to MHAIA in **Exhibit A**. Results of the top candidates with the highest number total number of votes were as follows:

Preliminary Elected Importer Directors (1st Ballot):

1. Aaron Acosta, Villita (Tie for 1st *) Gary Caloroso, Giumarra (Tie for 1st *) Peter Shore, Calavo (Tie for 1st *)

*-There was a three-way tie for for the final importer director seats. Thus, a run- off election was held on August 5, 2019 to determine what members would fill the two final director seats. A notice and run-off ballot were sent to all the members informing them of the tie and requesting that they vote for the final two director seats by the 1st run-off election deadline of August 23, 2019. The 1st run-off ballot tally summary schedule, in descending order by vote count, was provided to MHAIA in Exhibit B. Results of the top candidates with the highest number total number of votes were as follows:

Preliminary Elected Importer Directors (2nd Ballot):

1. Aaron Acosta, Villita
2. Gary Caloroso, Giumarra (Tie for 2nd **)
3. Peter Shore, Calavo (Tie for 2nd *)

** -There was two-way tie for second final importer director seat and final alternate director seat. Thus, a 2nd run-off election was held on August 25, 2019 to determine what member would fill the last director seat and last alternate directors' seats. A 3rd notice and 2nd run-off ballot was



sent to all the members informing them of the tie and requesting that they vote again for the second final director seat and second alternate director seat by the deadline of September 6, 2019. The 2nd run-off ballot tally summary schedule, in descending order by vote count, was provided to MHAIA in **Exhibit C**. Results of the top candidates with the highest number total number of votes were as follows:

Preliminary Elected Importer Directors (3rd Ballot) – 2nd Seat:

2. Gary Caloroso, Giumarra
3. Peter Shore, Calavo

The final results of the run-off election tally resulted in the following final two importer director seats and final two importer alternate director seats:

Final Elected Importer Directors:

- Aaron Acosta, Villita
- Gary Caloroso, Giumarra

Final Importer Director Alternates Candidates:

- Peter Shore, Calavo
- Gahl Crane, Eco Farms

In Mexico, APEAM's Packers voted to keep David Ruiz Vega as a Director and Gustavo Rivas Benitez as his alternate.

APEAM's growers chose Ivon Alejandro Oseguera as the Director and Jesus Domingo Calderon as his alternate.

All terms for these new Directors run through 2021.

After the election results, the new board was seated, and vacant officers were nominated and elected.

Gary Caloroso nominates Gabriel Villasenor for Chairman which was seconded Jorge Hernandez. Motion passes without objection.

Jon Ulrich nominates Gary Caloroso for Treasurer which was seconded by Jorge Hernandez. Motion passes without objection.

Gabriel nominates David Ruiz as Vice Chairman which was seconded by Gary Caloroso. Motion passes without objection. (Because Gabriel is Chair of both APEAM and MHAIA, the Vice Chair will assume the duties of the MHAIA Chair on the AFM Board.)



New MHAIA Board:

| Growers / Packers | | Term Expires |
|----------------------------------|----------|--------------|
| Gabriel Villaseñor (Chairman) | Director | 2020 |
| Jaime Rivas Campbell | Alt | 2020 |
| Adrian Iturbide | Director | 2020 |
| Jorge Vallejo Esquivel | Alt | 2020 |
| David Ruiz Vega (Vice Chair) | Director | 2021 |
| Gustavo Rivas Benitez | Alt | 2021 |
| Ivon Alejandro Oseguera Quintero | Director | 2021 |
| Jesus Domingo Calderon Urbina | Alt | 2021 |

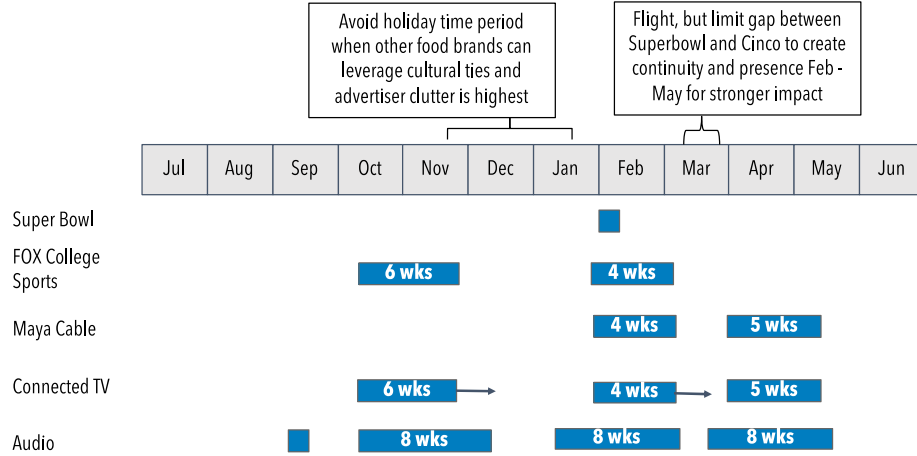
| Importers | | Term Expires |
|-----------------------------|----------|--------------|
| Jon Ulrich | Director | 2020 |
| Giovanni Cavaletto | Alt | 2020 |
| Jorge Hernandez (Secretary) | Director | 2020 |
| Rigo Perez | Alt | 2020 |
| Aaron Acosta | Director | 2021 |
| Gahl Crane | Alt | 2021 |
| Gary Caloroso (Treasurer) | Director | 2021 |
| Peter Shore | Alt | 2021 |

AFM Marketing Presentation:

AFM team presented an update on FY20 plan.

Kevin Hamilton present an update of our Consumer programs including:

- New Brand Defining Idea that will guide consumer communication moving forward: Avocados From Mexico are Uniquely Irresistible. This will come to life through our “Always Worth It” campaign that has 4 executions: Super Bowl, Health & Wellness, Cinco de Mayo and Gatherings that will start airing during football season.
- AFM is confirmed as an advertiser for Super Bowl 2020. Team is working on the new creative and consumer testing.
 - Hotels.com want to partner with us for Super Bowl 2020. They are looking to have a cameo of his character Captain Obvious during our 30 second ad in game and a potential PR and digital partnership Post Super Bowl. For that cameo they are willing to pay AFM \$500,000. The board is ok for the team to explore legal options to build on this partnership and especially ways to pay that money directly to AFM.
 - Team is working to lower our Super Bowl match with FOX as much as possible. From an initial ask of \$9,920,000 our objective is to be close to \$6,652,000. This includes a 30” ad in game, Hispanic TV ad, Live Streaming ad and regular Super Bowl match.
- This is the final media flowchart for Consumer offline media:



Kevin presented the results of our Hispanic Market research including our key learnings:

- Avocados alone don't stand for heritage.
- Language alone is not what makes communication relevant to this audience, but a culturally connected story to how they live is imperative.
- Spanish, added to that culturally connected story, gives the message a more emotional and relevant tie for consumers.
- The celebration of Mexican culture, origin and pride do not alienate or offend those with different countries of origin.
- Healthy is a good to have - "frosting on the cake" but it is not the driver or motivator to buy avocados

Based on that research the new creative idea we will use for our Hispanic campaign is: The Hispanic flavor that's worth it. New campaign will be ready in Fall 2019.



Final Hispanic media plan:

| CHANNEL | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN |
|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| OTT ENGLISH | | | | | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| ON-LINE RADIO (Includes banner impressions) | | | | | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| SUB-TOTAL OFF-LINE | | | | | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| ON-LINE VIDEO - PRE-ROLL MIDROLL & FACEBOOK VIDEO MIX | | | | | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| SOCIAL MEDIA | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| DISPLAY | | | | | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| SUB-TOTAL ON-LINE | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| TOTAL SAVVY BLENDERS | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |

| NETWORK TV | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN |
|-------------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| SPANISH LANGUAGE NETWORK TV | | | | | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| TOTAL LATINISTAS & HERITAGE KEPPERS | | | | | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |

Kevin presented our New Generations program through a partnership with Scholastic that will reach 100,000 teachers and an estimated of 3 MM families and kids. Program will include the following:

- Custom microsite on Scholastic.com
- Four (4) digital only lesson plans/activities added to the microsite
- 1,000,000 emails from Scholastic to elementary school teachers
- 300,000 banner or native ads on Scholastic.com’s Teachers’ channel
- 2 mentions in Scholastic’s Teacher e-newsletter

Ivonne Kinser presented an update on our digital programs including the following:

- Digital is leading AFM’s H&W efforts with a strong campaign that includes:
 - Social Media campaign from Jul 2019 to June 2020
 - MyFitnessPal partnership that includes an avocado challenge to launch in October 2019 for two months that will guarantee 40,000 new prime consumer leads to our CRM program.
 - Thalia partnership for the Hispanic market, including video recipe integration with Pati Jinich and an interactive digital program using technology from Asombro Extremo to engage consumers throughout 2020 and motivate them to be part of our AFM community. Production is scheduled for October 2019 and the program will launch in January 2020.
- To support our core uses, digital team is reinforcing our Sala Hub experience and launching and strong program to become the largest and most knowledgeable source of



guacamole content in the World. For that we are using AI and Machine Learning to launch in 2019 the first ever produce digital influencer that will be our guacamole expert interacting directly with consumers. This guacamole effort will launch September 2019.

- To support education, digital is heavily investing in paid search and launching Selma Avocado, our humanized 3.0 chatbot experience that will bring a much richer and interactive experience to our education efforts.
- To continue supporting our mass personalization efforts, digital is working on the following:
 - Partnering with a new company Epica that will bring state-of-the-art technology on predictive analytics to deliver the right content and the right time to our target consumers and get a stronger engagement and participation from them.
 - Continue engaging and growing our database through M8 through our monthly newsletter The Sauce.
 - Preparing the launch of Avocado Nation, with the objective of becoming the largest online community of avocado lovers. Avocado Nation will launch at the end 2019.
- Ivonne presented a first draft of the Super Bowl digital plan that will be driven by three main technology partners to creative massive engagement, virality and multiply our consumer lead generation efforts: Epica with predictive analytics, Vatoms with their digital sweeps and Asombro Extremo with their digital illusions.

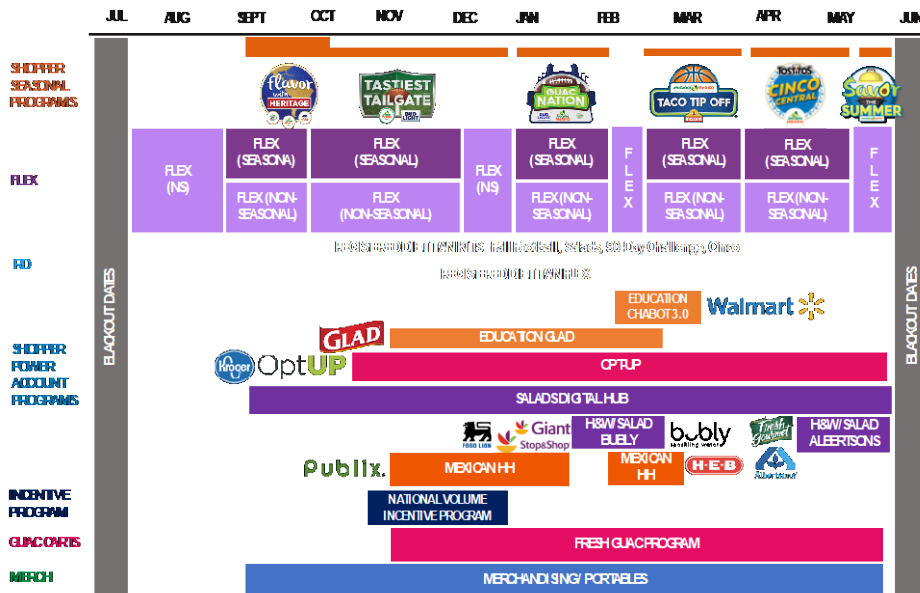
Stephanie Browder and Casey Evans presented an update of our Foodservice program including the following:

- Current LTO programs:
 - Taco Bueno Fresh Test (Jul- Sep 2019)
 - Chipotle Mini Avo U Training (Oct 2019)
 - Waba Grill Menu Ideation (Jul 2019)
 - Potbelly Menu Ideation (Sep 2019)
 - Huddle House Menu Ideation (Mar 2020)
 - Omni Hotels Guac Tray Program (Summer 2020)
- New concession activations include: Phillies, Texas Motor Speedway, AT&T Stadium (Cowboys), Brooklyn Nets, Milwaukee Bucks, Yankee Stadium and Prudential Center.
- New Made in Mexico Tour is confirmed for March- April 2020.
- AFM will launch new professional education platform including and interactive training tool and training video series. Also will create an Education video brochure that will be mailed to top accounts and partners and Foodservice education digital hub where all our assets will live. Full program is scheduled to go live January 2020.
- To elevate guac, Stephanie presented the results of our latest study with the following key learnings:
 - In Q2 2019 guac operator penetration is only at 27%.
 - 36% of consumers say they don't order guac because it "*isn't available on the menu*".



- 51% of consumers don't order guac because it "doesn't fit with the food being served".
- 73% of the time guac is menued, it's at Mexican restaurants, another 13% at American restaurants.
- Based on those learnings, AFM will launch a strong guac program in Foodservice to recuperate and grow menu penetration. Main plan objectives are to reposition guacamole with American-food restaurants and promote versatility to make it a better fit on more menus.
- For our Flagship concession program, team presented new menu for the AAC in Dallas that will go in our new super-sized concession stand and the official launch of our new experience Tacos Por Favor in the Hard Rock Arena in Miami, that will be live in September 2019.
- For our restaurant AvoEatery, the team informed on the latest updates on this project:
 - Contract Signed.
 - Restaurant Construction Crews set to start work on restaurant this week
 - Core Restaurant Staff Hiring Underway [Executive Chef/ Restaurant Manager]
 - Menu Development currently underway with Trinity Groves chefs
 - Finalizing Launch Marketing/PR Plans
 - Expected launch Mid November 2019

Stephanie Bazan presented the updated Market Development Calendar:



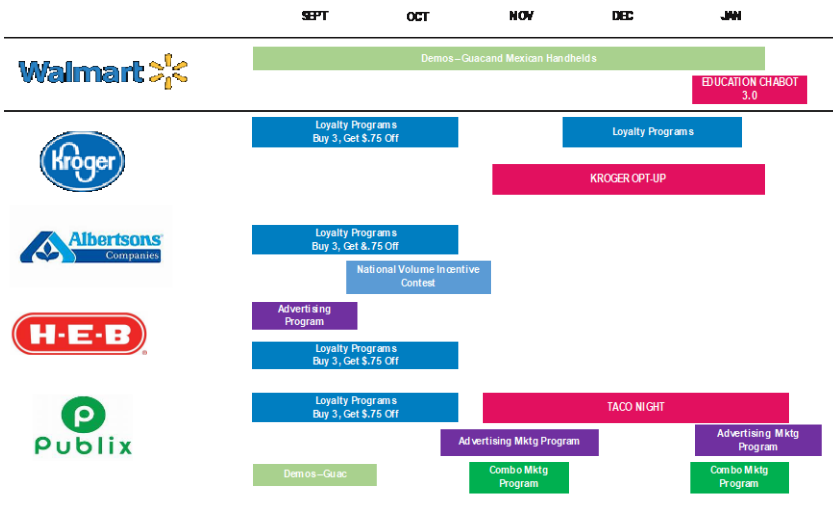
Stephanie and team presented the updates on our Market Development program including:

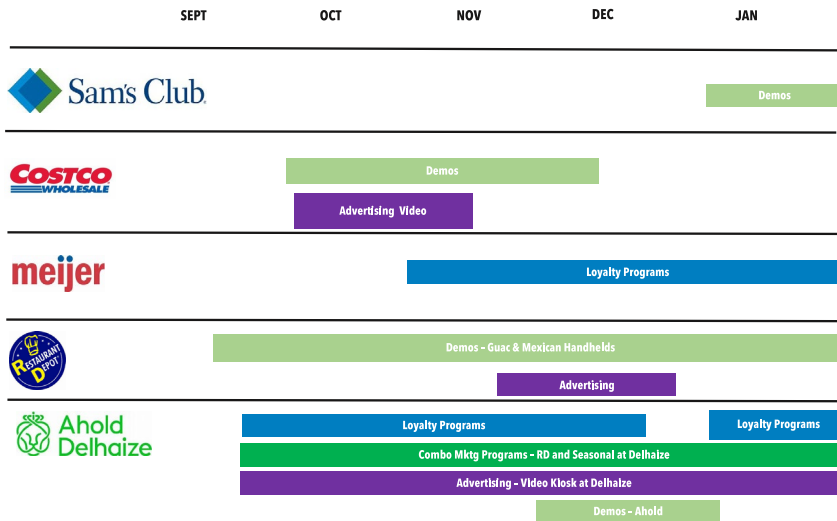
- September Plan: September 2019 will be the most aggressive start of our retail promotion program in the past 6 years. The main objective was to create market



confidence and increase velocity to prepare to the market transition to Mexico in the fall. Plan included the following:

- 500K coupon program with Kroger through YouTech
- 1.1 million coupons in key accounts: Publix, Shop Rite, Albertsons, HEB and Food Lion.
- National Shopper Program for Hispanic Heritage Month with 8,400 bins sold in accounts like Fiesta, Super Valu, Food4Less, Southeastern Grocers, Northgate and others.
- Demo program in Publix, Restaurant Depot, Walmart, Costco and Winn Dixie.
- First National Volume Incentive Program with great acceptance from top key accounts.
- Dianne Le presented an update on our upcoming Seasonal Programs:
 - Tastiest Tailgate (Sep- Dec 2019): 22,000 bins sold in. For this promotion we will integrate for the first time InMarket technology to geo-target consumers in-store and our own text-to-win technology driven by our merchandising bins.
 - Guac Nation (Jan- Feb 2020): Bud Light is confirmed and Cholula will be our new partner replacing Tabasco.
 - Taco Tip Off (Feb- Mar 2020): for March Madness with Mission Foods based on Mexican Hand held usage.
 - Cinco Central (Apr- May 2020): with Tostitos based on guac & chips usage.
- Alfonso Delgado presented our Flex Fund support for Power Accounts up to January 2020:





- Stephanie and Dianne presented our Education Omnichannel program with Walmart that will include our third national Chatbot integration supported with digital media through Walmart Media Group, a Grocery Pick Up activation using our ripening bags and printed media support on Walmart's Magazine.
- Also presented the new Glad partnership program for education that will include a DFSI Coupon through a joint landing page, in-store sampling events and an influencer campaign. Program will launch in November.
- Stephanie announced that AFM will be the first produce brand to partner with Kroger's OptUp program that will include the following:
 - Three National email campaigns with distribution to 3MM consumers.
 - Four co-branded signs featuring H&W messaging in 1K stores, merchandised by Kroger and refreshed monthly.
 - Targeted digital coupon for grocery pick up with Kroger Precision Marketing
 - Media tactics through Kroger Precision Marketing / 8451 to support grocery pick up initiative.
 - Three national print and digital ads.
- Stephanie announced the official launch of the Avo Communicator in September 2019 as our importer hub that will keep track of all our marketing and trade programs in retail and will be updated on a monthly basis. This is a password protected hub that needs special log in credentials authorized by AFM.

New Business:

Chairman Gabriel Villasenor appoints Jaime Rivas Campbell as marketing representative to the AFM Board from APEAM and Jim Donovan as the marketing representative from MHAIA.

Next meeting date was proposed for mid-February however it was later adjusted to March 3-4.



AMS representative Vicky Carpenter provided the required yearly orientation on AMS policies, procedures and guidelines.

There being no additional new business, Jorge Hernandez motioned to adjourn which was seconded by Jon Ulrich.

Respectfully Submitted,

Ron Campbell, MHAIA Executive Director

I certify that the above is a true and accurate statement of the May 15, 2019, MHAIA Board of Directors Meeting.

Jorge Hernandez, MHAIA Board Secretary