

**Mexican Hass Avocado Importers Association  
Annual Meeting Minutes  
September 26, 2012**

**Place**

HAB Headquarters  
Irvine, CA

**Time:** 9:00 am – 3:30 pm

**Board of Directors:**

**DIRECTORS**

Adrian Iturbide Mejia - Producer, Mich., Mexico	(p)	Chairman
Giovanni Cavaletto-Index Fresh, Bloomington, CA	(a)	Vice-Chairman
Alfredo Rodriguez Flores – Empacadora Agroexport, Tancitaro	(p)	Secretary
Ed Figueroa- LGS Speciality Sales, Bronx, NY	(p)	Treasurer
Francisco Falconi Pardo - Producer, Mich., Mexico	(a)	
Antonio Villaseñor Zurita- Vifrut, Uruapan, Mexico	(p)	
Mike Browne – Calavo Growers Inc., Santa Paula, CA	(p)	
Jimmy Lotufo – Rosemont Farms, Ringoes, NJ	(a)	

**ALTERNATE DIRECTORS**

Martin Mendoza Torrez – Producer, Mich. Mexico	(p)	(alt. Adrian Iturbide)
Doug Meyer - West Pack Avocado, Temecula, CA	(a)	(alt. Giovanni Cavaletto)
Sergio Paz - Del Monte Grupo Comercial, Uruapan	(a)	(alt. Alfredo Rodriguez)
Javier Medina – Mevi Avocados, Pharr TX	(p)	(alt. Ed Figueroa)
Carlos Genel – Producer Mich., Mexico	(a)	(alt. Francisco Falconi)
Ricardo Vega – Fiticola Velo, Uruapan, Mexico	(a)	(alt. Antonio Villasenor)
Phil Henry – Henry Avocado, Escondido, CA	(p)	(alt. Mike Browne)
Gahl Crane – Green Earth Produce, Verona CA	(a)	(alt. Jimmy Lotufo)

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

Veronica Douglas

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

Ron Campbell	Jackie Bohmer
Dolora Sillman	Andrea Barish
Dale Mcniel	Luis Castellanos
Sumit Agrawal	Dennis Crowley

**Members:** \_\_\_\_\_

Victor Barragan	Chris Henry	Guillermo Iturbide
David Ruiz		

**Guests:** \_\_\_\_\_

Emiliano Escobedo	Eduardo Serena	Armando Lopez
Miguel Barcena		

At 9:00 AM Adrian took the roll call and established a quorum. He then presented the minutes of the January board meeting. Ed motioned to approve the minutes and the motion was seconded by Mike. There was no objection.

Financials:

Ed Introduced Ron Lopez of Gruber and Associates to provide the financial audit for fiscal year 2012. No deficiencies or material weaknesses were defined and there were no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period and the firm is not aware of any significant accounting estimates affecting the financial statements. Ron Lopez mentioned that there are no recommendations to improve internal control and there were no audit findings requiring corrective actions. Ron Lopez thanked the MHAIA team for their contribution to a clean audit. Copies of the audited financials with independent auditor's report were distributed during the meeting. The audit is available upon request and the financial statements are available in the MHAIA 2012 Annual Report which can be found on [www.theamazingavocado.com](http://www.theamazingavocado.com)

Mike motioned to accept the audited financials and the motion was seconded by Adrian. There was no objection.

Ed continued with the treasury report.

Ed provided an overview of the bank balances as:

Citizens Business Bank-	General Acct	6,390,626
Citizens Business Bank-	Optg Acct	29,946
Restricted CD-Sweepstakes		8,062
Merrill Lynch		1,343,308
<hr/>		
As of September 24,2012 Balance		<b>7,771,942</b>

He also mentioned that the cash balances as of September 24, 2012 are gross of \$28,946 outstanding checks, August to September 2012 bills not yet submitted of \$1.50MM and August 2012 assessment of \$1.015MM from HAB.

July 2012-June 2013 Proposed Amended Budget 2

Ed presented the proposed budget:

**Summary of activities and changes in Net Assets**

- Estimated new volume at 880 million pounds
- Revenue of \$18,870,622 is inclusive of \$18,700,000 assessment from HAB, APEAM contribution of \$157,622 and estimated interest of \$13,000.
- Total marketing expenses of \$22,322,455 or \$21,602,500 marketing and promotional and \$719,955.

- Administrative expenses of \$157,622
- Net change in assets of negative \$3,609,455

*Note: Details of total marketing and administrative expenses were provided as supplementary schedules of the presentation materials.*

### **Summary of Cash Reserves**

The cash reserves at the end of June 2013 are estimated at \$3,964,901 or 21.20% of assessment revenue. A higher beginning cash reserve of \$7,933,445 has offset the negative result in the change of net assets.

### **Summary of Financial Position**

Total Assets of \$5,663,098- includes cash and cash equivalents of \$3,964,904, an accounts receivable of \$1,498,175, a prepaid expenses of \$200,000, and a net fixed assets of \$22.00.

Gahl motioned to accept the amended budget and the motion was seconded by Adrian. There was no objection.

Additionally, Mike motioned to add \$100K to the budget for crop reporting in the State of Jalisco and the motion was seconded by Antonio.

#### **Brand and Logo Review:**

Adrian introduced Sumit Agrawal and Dennis Crowley to provide the board with the final results of the Avocados from Mexico Brand and Logo Review. Last year, Brand Engineers, LLC was contracted by APEAM & MHAIA to conduct a comprehensive positioning development project for the Avocados from Mexico brand in the United States. After this thorough examination of the current and future US avocado market and testing multiple positioning options, the Positioning Statement outlined in this report was ultimately decided upon for the Avocados from Mexico brand.

“When consumers choose Avocados from Mexico they will know that they are getting an avocado that is as fresh as can be and taste delicious, regardless of what season it is. With no seasonality to the Hass avocados from Mexico,

consumers can create nutritious meals that they are excited about and look forward to at any time.”



As the Avocados from Mexico brand is communicated into the market, consumers should perceive Avocados from Mexico as consistently providing exceptional taste. Establishing Avocados from Mexico’s “TASTE” positioning requires a change in the way consumers consider the produce they buy. Consumers should understand the value Avocados from Mexico brings to them and their families.

Next steps: track these attributes over time to ensure to see if these results are resonating with consumers. All aspects should come back to taste (origin, season, year round etc.)

HAB Nutrition Research Program:

HAB has shifted its strategy to nutrition and Adrian motioned to lend MHAIA’s support to HAB and commit to publishing health messages in the future when nutrition research is published. The motion was seconded by Ed. There was no objection.

Marketing Presentation:

Marketing Presentation – September Board Meeting

Jackie Bohmer opened the marketing presentation by giving a quick overview of the budget and discussed how the incremental dollars would be invested for the remainder of the year. Advertising and media would get \$2.7, PR \$800K, PSA \$150,000, Retail Programs \$2MM and website (internet media) \$350,000. The presentation was broken into two sections, first the updates and then the new programs and a recap of what is up and coming.

She then turned to Luis Castellanos from C+CG who began by announcing that the new TV campaign was completed. The ads were then shown.

•Three :15 spots were produced to coincide with both fall and spring usage occasions:

- “**Get out of the cold**” promoting avocado usage on warm dishes this Fall/Winter will begin airing on 10/22 and run through 12/17.
- “**Skinny Jeans**” begins running this Spring and promotes 50 calories

per serving and how that can help you look your best.

- “**Hammock**” runs later this Spring to tie in with the start of grilling season and hits on the good fats message, as well as usage on burgers.

The June Radio & Demo Program was highlighted next. It resulted in 23 retailers tagged for radio and 13 participating in demos. The total number of demos came in at 498.

The approved Incremental \$2MM was invested in General Market Radio in 16 markets starting on 9/3 and running through 10/21. A total of 11,970 spots will air and will generate over **70 million impressions**. To date we have received 10 participating retailers in the tagging program.

Following the Hispanic Market & Hispanic Heritage Month recap was presented, MHAIA’s “Have a Taste” spot, adapted to Spanish, began running on 9/17 and will run through 10/14 on top Spanish Language radio stations in 8 markets. It will deliver almost **7 million impressions**. We currently have 8 retailers signed up for the tagging program. Print ads running in September in 3 Spanish language publications, *People en Español*, *Variedades* and *Vista*, will promote our nutritional message as well as the Amazing Sweepstakes.

The Univision integration will be starting on 9/17 and will include an on-line media component. MHAIA will have 4 sponsored cooking segments on the highest rated national morning show, *Despierta America*, featuring Roberto Santibañez. During each segment our Jeans TV spot will air twice - bookending the segment. On-Line media will run starting 9/17- 10/14 promoting the Amazing Sweepstakes. The total integration will **generate 2.7 million impressions**

In celebration of **Hispanic Heritage Month**, consumers will have a chance to take their taste buds on a flavor adventure by entering to win a trip for two to Cancun. Sweepstakes entry is on the amazing avocado facebook page, and is being promoted through print, on-line media and social media. Three thousands - 11”x 7” POS cards were sold in celebrating **Hispanic Heritage Month** and the Amazing Sweepstakes. 1,500 English and 1,500 Spanish versions will be in the marketing starting the wk of 9/17. The segment for the Extra integration aired on 9/6, featuring Roberto Santibañez and host Mario Lopez. MHAIA received Mario’s implied endorsement saying, “*avocados are his favorite fruit*”. The show over delivered by providing 7 messages (only required to do 2), including:

- 3 slices is 50 calories
- Nearly 20 vitamins and minerals
- Contribute good fats to your diet
- Versatility- Mario adds he eats them on eggs
- Call out to our website for recipes an info
- Call out to visit our facebook page and enter the Amazing Sweeps by Maria Menuous

The Big Hit was big this year, it resulted in 3,933 tower displays sold up from 3,600 for 2011. TURNER media will start on 10/5 in the Wild Card game. The Big Hit sweepstakes will be hosted on theamazingavocado.com this year, driving traffic directly to our site. (Started on 8/25 and will run through 11/5.) On-line banner ads promoting the sweeps and game day recipes will run 10/1-10/31 on Yahoo and Yahoo Sports.

This year's Holiday Program in partnership with House Parties will include 1500 House Parties scheduled for 11/3. Party attendance is estimated at 21,000 and will reach nearly 1 million additional consumers via social media and word of mouth. Social media integration will create further excitement by integrating feeds from our House Party page and executing a recipe contest on Pinterest to engage women who were not able to be party hosts. MHAIA will also use House Party as a vehicle to promote the *Holiday in NYC Sweepstakes* that will be launched through Facebook, where the winner receives dinner at Fonda Manhattan. Roberto Santibañez will create personalized holiday recipe in the kitchen of Fonda. In addition, the winner featured on social channels, including Facebook recipe tab and Pinterest board featuring festive holiday avocado inspirations

To support the fall/winter time period and the holidays we will have two new POS card options to order. One targets usage in warm dishes such as Chili- and ties in with our TV message that will start airing 10/22. One will focus on a usage idea for Thanksgiving leftovers. MHAIA will also offer the Holiday Cheesecake POS available again.

MHAIA participated in two food conferences this period:  
Multi-Unit Foodservice Operators Conference (MUFSSO), Sept. 30- Oct. 2, 2012  
and the Culinary Institute of America: Latin Flavors, American Kitchens, October 3-5, 2012

A long awaited article in the Wall Street Journal was finally published. The article covered the industry and talked about how Avocados From Mexico have seen a tremendous amount of growth over the past couple years.

Mike Browne chimed in stating that he had witnessed the process which began in June and culminated in September. He said that the team worked diligently with WSJ and commended the team on such a terrific hit.

On the retail / Trade front, MHAIA executed demos in 1,600 Wal-Mart stores in partnership with Rot\*el and secondary displays in 3,000. Mike Browne stated that as a WM supplier he knows what a great program this was and commented positively on the partnership with Rot\*el.

In addition, over the past three months, MHAIA participated in several Trade conferences:

-NEPC  
-NGA

- Texas Produce Association
- Eastern Produce Council
- Florida Fruit Vegetable Association

After the current programs were presented, the upcoming programs with the incremental spend were presented:

Total media mix will represent 714,350,000 impressions.  
Efforts will be concentrated in 17 key markets for MHAIA:

- Awards Promo (Feb), Spring Effort (Mar/Apr) and Summer Effort (May/Jun)
- 13 of the 17 had presence in 2012 (Mar-Oct)
- 4 new markets have been added (Philly, Charlotte, Indianapolis and Nashville)

The Wow Tour continues to be strong and is projected to deliver:

- 46 activations in 15 markets
- 400,000 on-site impressions
- 140,000 samples
- 56,000 brochures
- 25,500 van miles
- 2,200,000 highway impressions
- 12,000 sweeps entries/email capture

The team touched on Cinco de Mayo:

- 4,000 displays will be targeted for sell in starting in April.
- Working on partnership with Corona again for a second year.
- Recipes will promote Cinco entertaining recipes and more.

**PR Support**

- Conduct outreach to food editors with Cinco de Mayo recipes and party tips
- Local/national broadcast, print, and online placements with media RDs, and trade PR
- Partner with TheMotherhood to hold blogger meet-ups in 8-10 markets to celebrate Cinco de Mayo with regional and personal variations of guacamole
- Provide each blogger with a gift card and 4 AFM's to make their signature guacamole and post about on their blogs.

New to the MHAIA marketing arsenal is Awards Season, the women's equivalent of the playoffs and the Superbowl! This program hits target in a way that differentiates and excites. MHAIA to leverage celebrity media property to showcase awards party entertaining ideas featuring AFM and capture awards buzz via social channels with **"Pin to Win"** contests for most award-worthy boards. In addition MHAIA will host the **"And the Winner is..." Sweepstakes** which will consist of:

- Radio promotion geared at the Awards season: the women's equivalent of the NFL playoffs and Superbowl!
- Begins the Monday after Superbowl Sunday and runs through kick-off of Spring radio schedule.
- Amusing spots will speak to the versatility of avocados and invite listeners to enter sweeps by submitting photos of the avocado recipes they have served at their award show watch party (I.E. the Oscars).
- Winners will be chosen at random.
- To support PR and Social Media efforts around Awards season we will be offering consumers a chance to win the ultimate Hollywood experience.
- To enter consumers will need to submit photos of their avocado recipes they have served at their award show watch party (I.E. the Oscars). Winners will be chosen at random.

PRIZE:

- A trip for 2 to Hollywood for 4 days, 3 nights. It includes spa treatments, studio tours, hotel stay at iconic Hollywood hotel and dinner at iconic restaurant like The Ivy.

To complement the media placement, MHAIA will do a PSA and distribute it to local TV stations nation wide. The PSA program includes:

- Relevant topic that resonates with women across America
- :15, :30, and :60 second PSAs that highlight *Fresh Avocados* from Mexico as part of healthy diet
- Spokesperson that exemplifies real women and connects with our target
- Rally viral support for PSA through social channels shares, co-tweets/posts from celeb advocate, create ring tone with inspirational quote available on Facebook page

To keep the momentum going a Spring PR program will inspire our target to think about *avocados beyond the guacamole...* in a fun, new way to think about avocados through Easter-themed contest with bloggers and Pinterest pinners. Crafters, bloggers and pinners participate by creating images, ideas for how to best use avocados this spring – from the basket to the menu. Winners receive prizes, featured on our channels. This program aims to create a “mid-season” opportunity for increased avocado usage between Super Bowl and Cinco de Mayo.

In addition, this spring, Magazine Mailers will keep Avocados from Mexico top-of-mind with magazine editors by consistently sharing news, tips and usage ideas, and providing useable content:

- January mailing – good fats/spring break
  - March mailing – versatility/summer entertaining
  - May mailing - nutrient dense foods/back to school
- MHAIA will leverage content on Facebook, Twitter and Pinterest at appropriate moment in time



MHAIA's partnership with Cheryl Forberg continues and Jackie announced that Cheryl is once again the nutritionist for the Biggest Loser. This is great news as Cheryl will garner a lot of exposure from her affiliation with the show and MHAIA stands to benefit from this. In the spring of 2013 Cheryl will influence how people shop and eat through three unique activations:

- Cheryl cohosts 3-4 webinars with Supermarket RDs from her kitchen. Each webinar will be exclusive to the retailer and could be offered in 2 sessions for shoppers and for corporate/staff
- Through a partnership within the Academy of Nutrition and Dietetics, Cheryl hosts a workshop in her kitchen for RDs and culinary professionals that will also be streamed online (January/February timing)
- Cheryl and former Biggest Loser contestants take consumers, local consumer and trade media and on 3-4 supermarket tours, emphasizing how to eat on a limited budget for the whole family.

The team explained that in anticipation of the Burger Study, a burger program was put in place. A kick off to grilling season that culminates in National Burger Day on May 28. This program consists of SMT, RMT, matt release and a social grill off.

In the next half of the year, MHAIA will participate in:

- Culinary Institute of America: Worlds of Healthy Flavors, January 2013
  - Silver sponsor; leadership retreat focused on addressing some of the major nutrition and health issues affecting the American public. Targets corporate chain chefs and noncommercial (Colleges & University dining).
  - Healthy avocado dishes will be sampled throughout the 3-day conference
- NRA Marketing Executives Group (MEG), May 2013
  - Networking conference attended by marketing executives from national and regional chains; focus on building partnership and promotion opportunities.

Natalia Arias, our new Website person was introduced. Natalia presented the website objectives:

- Increase monthly traffic to the website from October 2012 through May 2013 and during key dates:
  - New website launch, November 2012.
  - New app launch, May 2013.
- Increase awareness of theamazingavocado.com as a source of information about avocados.

- Complement the current ad campaign and media buy through creative and a media strategy that supports current marketing platform:

- Entertainment
- Versatility
- Nutrition

Natalia continued on to present the new look and feel of the website along with the \$350,000 incremental internet media buy. Natalia's presentation was concise, and it explained very clearly how the dollars were allocated. The board responded in a very positive way and liked the work proposed by Natalia.

On the retail front for the remainder of the year, the outlined programs are:

- Drive Sales for Avocados From Mexico with in-store consumer engagement
- Execute an in-store pilot program in the east coast markets at select retailers
- Seek out partners to provide usage ideas and retail legs (Sandwich ideas, easy guac, post-Thanksgiving meals, avocado in soup, etc.)

- Positive feedback:

- Rot\*el
- Butterball
- Boboli
- Mario Olives
- Sabra
- mama mary Pizza crusts

- Integrate in-store campaign

- Social Media
- Recipe Cards

Upon conclusion of the marketing presentation, Mike motioned to accept the marketing presentation, to amend the budget by adding \$6MM in marketing funds and increase the budget to \$21.6 million including extension of the marketing contracts until the end of the fiscal period. The motion was seconded by Ed.

Code of conduct and Ethics Policy:

Ron provided the new procedures to the board for signature.

Closed Session:

Motion: Ed motioned to hire Creative Management Solutions to conduct a compensation analysis and develop a performance plan for MHAIA staff. The motion was seconded by Adrian. There was no objection.

Motion: Ed motioned to amend the administrative portion of the budget to include an additional \$40K for the search for a CEO for the AFM subsidiary. The motion was seconded by Adrian.

New Business:

Future Meeting Schedule:

The next board meeting will be on January 23<sup>rd</sup>. In addition, there will be a strategy meeting in March; a board meeting on the 14<sup>th</sup> of May in conjunction with the United Fresh meeting in San Diego and our Annual Meeting will be September 10<sup>th</sup>.

### Adjournment

There being no other business, Mike motioned to adjourn the meeting at 3:00 PM and the motion was seconded by Antonio. There was no objection.

Respectfully Submitted,

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Ron Campbell, MHAIA Managing Director

I certify that the above is a true and accurate statement of the September 26<sup>th</sup>, 2012 MHAIA Board of Directors Meeting.

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Alfredo Rodriguez, MHAIA Board Secretary