

**Mexican Hass Avocado Importers Association
Board Meeting Minutes
March 18, 2014**

Place

Omnicom HQ
Dallas TX

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
Tony Martinez	Director (p)	Importer
Carlos Genel	Director (p)	Producer
Jimmy Lotufo	Director (p)	Importer
Antonio Villaseñor	Director (p)	Packer

Alternates

Gahl Crane (p)
Sergio Paz (a)
Doug Meyer (a)
Martin Mendoza (p)
Jon Ullric (p)
Victor Barragan (p)
Gary Caloroso (p)
Ygnacio Valerio (p)

AMS: _____

Veronica Douglas

Officially Present: _____

Armando Lopez
Ramon Paz
Ron Campbell
Alvaro Luque
Natalia Arias

Sergio Guerrero
Mike Browne
Dennis Crowley
Dolora Sillman

Guests:

Ygnacio Gomez

Gina Widjaja

Ed Figueroa called the meeting to order and established a quorum. He submitted three sets of minutes for approval. (Approval of these three sets of minutes was not obtained previously due to legal issues.) Mr. Figueroa requested a correction to page 4 of the December 3rd minutes to read as follows:

The proposed business structure will remain fluid and it will be made clear to Mr. Luque that all hiring and reorganization matters will be vetted through and approved by the AFM board.

Adrian Iturbide presented the treasury report. MHAIA's net cash balance \$6,823,716. Considering that the Mexican volume is forecast to be 1.1 billion lbs., its assessment revenue is \$23,375,000 with total expenses equaling \$22.6 MM. The net change in assets will be \$1.1 MM and the cash in bank at the end of this fiscal year will be \$7.5 MM. Additionally, there were four volume scenarios presented for fiscal year 2014-2015 and the group agreed that the market will likely experience an 18% increase in Mexican volume or 1.3B lbs. with \$27,625,000 in

revenue. With marketing expenses budgeted at \$27MM, cash reserves are expected to be almost \$7MM, higher than the standard 15% or \$4.1MM. Caution was expressed about the high reserves and the need to make sure this is spent in the market. The 1.3 billion lb. figure does not include possible exports from Jalisco, which is still yet to be approved for entry into the United States.

Antonio Villasenor motioned to roll over the estimated cash reserve into the 14-15 fiscal budget and amend the current MHAIA and AFM budgets accordingly and the motion was seconded by Ed Figueroa.

After more discussion on the 14-15 volume scenario, Tony Martinez agreed with the group consensus and made a motion to base the next fiscal budget on the 1.3 BB lbs. scenario provided in the treasury report. The motion was seconded by Antonio Villasenor and carried without objection.

MHAIA Web Site:

Natalia Arias presented the new MHAIA web site. The site's function is for information dissemination to the board and has no marketing function. Certain materials such as audited financials and marketing plans should be password protected but public information such as minutes, annual reports, by laws, policies etc. will be open to the public. Additionally, a current news section will provide pertinent industry information on nutrition, economic benefits of avocados in the United States, and other data.

AFM Marketing Presentation:

Alvaro Luque presented:

- 2013- 2014 YTD programs & results plus coming programs
- AFM Brand Strategic Foundation
- 2014-2015 Business Plan and Budget

2013- 2014 amended budget will roll over \$3.6 million to next fiscal year. New program for the remaining months of this year will include:

- \$860,000 for a new Hispanic Trade promotion based on soccer leading up to the World Cup. Promotion to be launched in Central and Eastern regions and not to be included in the West region that will be in California's high distribution peak during that period of time.
- \$840,000 for a new Research Plan including consumer, trade and foodservice. Consumer Usage and Attitude (U&A) will launch in March 2015 when AFM has full distribution in the market. Alvaro confirms that all studies will be done directly with top research firms and not through the advertising agency.
- Digital re-launch with new agency pitch to manage and develop new consumer and foodservice websites plus new agency to manage social

media. With this initiative it is projected we will have \$700,000 in Digital agency fee savings for the upcoming new fiscal year.

For the Apr- Jun 2014 upcoming plan a Summer Salads consumer program will be launched but without a promotional activation because of Mexican product offer and price at that time vs other origins.

Alvaro presented AFM Business status including:

- Regus new office status and cost projection for the following year of \$110.000 based on proposed Dallas AFM team. Concerns were raised about high cost compared with the opportunity of leasing or buying a property. Alvaro confirms that the contract with Regus is six months and that he will present in the short term to the Board the projection of a leasing opportunity that he has been working with CBRE Realtors. It was also suggested that we also analyze through AMS if it is possible for AFM to buy a property for this purpose. AMS see liquidity as an issue however, APEAM could buy it and AFM could lease from APEAM.
- AFM Team projected to be in place in June 2014 including Marketing Director (to replace Laura Slavec), Foodservice Director or VP, Partnerships & Promotions Manager, Hispanic Shopper Marketing Manager and Office Assistant. For the Foodservice position, it was suggested that we look into hiring an Executive Chef.

Alvaro presented the 2014- 2015 budget based on a \$41.3 million projection. In general terms the Board agrees with the proposal, but asks for more investment in Foodservice. It was suggested that all new budget improvements in the future should benefit directly the Foodservice bucket to keep reinforcing this initiative in time.

There was a positive discussion on an initiative to include an AFM branded sticker in our product to reinforce our brand at the point of sale. Alvaro will develop a design proposal and will coordinate with the Board to launch this initiative in July 2014. First target is to have at least 50% of the product branded and that extra cost will be covered by AFM, projecting an investment for next fiscal year of \$2 to \$2.5 million. Proposal should include branding also in bagged avocados.

Alvaro presented new media target (25 to 54 years) that will impact the opportunity segment of Baby Boomers. The Board considers that there's an opportunity in testing smaller counts with this target.

Alvaro presented a media plan that included a proposed Super Bowl ad. Total media investment will be \$15 million with a lower CPM compared to 2013-2014 results. The Board considers this a good, but risky, opportunity and would prefer to analyze deeper with the JMC.

Priority Planks for 2014-2015 = Brand Building, Market growth, Hispanic Evolution, Consumer Engagement, Trade Excellence and Food Service Expansion.

Antonio Villasenor motioned for the MHAIA Board to approve of the plan in principle and to move it to the Joint Marketing Committee for final recommendations. The motion was seconded by Adrian Iturbide and carried unanimously.

Alvaro will coordinate a JMC Meeting in the coming weeks to analyze and decide on these and other important initiatives before the final approval of the new plan. For that JMC meeting, Alvaro will present new budget proposal based on the approved investment of \$45.2 million.

Future Meeting Schedule:

The next MHAIA meeting will be held on June 10th in connection with the United Fresh convention in Ketchum's Corporate Offices in Chicago, 200 East Randolph Street, Chicago, IL 60601 from 8:30am to 2:00pm. An agenda and meeting materials will be made available prior to the meeting.

September 9th will be the date for MHAIA's Annual Meeting (with elections) to be held in AFM's Corporate office, 222 W. Las Colinas Blvd, Suite 1650 E., Irving, TX 75039 [972.501.1430](tel:972.501.1430)

New Business:

HAB Committee Appointments: Ed Figueroa and Sergio Guerrero agreed to appoint Ramon Paz and his alternate will be Armando Lopez.

Emiliano Escobedo described the Hass Avocado Board new election procedures, which can be found, on hassavocadoboard.com/elections. He also explained the development of the two-year milestone Hass Avocado Committee.

Ed Figueroa resurfaced the sticker at point of sale idea. Alvaro and Mike will lead the project.

Ignacio Gomez, representing the Jalisco growers, addressed the group. Jalisco is very interested in the MHAIA / APEAM joint effort and looking forward to joining the program. Resources within the new association are very tight. Despite this, the association has taken huge leaps forward in its efforts to gain access to the U.S. market.

There being no other new business, Antonio Villasenor motioned to adjourn the meeting and Ricardo Vega seconded the motion. There was no objection.

Respectfully Submitted,

Ron Campbell, MHAIA Executive Director

I certify that the above is a true and accurate statement of the March 18, 2014 MHAIA Board of Directors Meeting.

Giovanni Cavaletto, MHAIA Board Secretary

JMC Meeting April 8 2014, Conference Call

Alvaro presented new plan to the JMC.

The plan was approved to move forward with the following recommendations:

- *For the Miami Beach Bowl sponsorship, consider “Avocado Bowl” instead of “Guac Bowl” to avoid consumer confusion with the Super Bowl.*
- *For the Super Bowl ad initiative, consider doing a creative pitch with internal and external agencies to guarantee the best creative possible.*
- *Super Bowl ad has to be successfully tested with consumers.*