



MINUTES OF THE CAIA 2018 MID-TERM MEETING
Thursday, October 18, 10 A.M. – 12:45 P.M.
Rosen Shingle Hotel, Orlando, Florida

Meeting attendees included the following:

Karen Brux
Steve Hattendorf
Kelly Robertson
Dana Thomas
Jorge Covarrubias
Javier Fuchslocher
Cristian Salas
Ryan Larkan
Todd Mauritz
Rigo Perez
Chris Henry
Emiliano Escobedo
John McGuigan
Nicolas Schmidt
Oscar Villegas
Sebastian Bulnes
Cristian Hargous
Rankin McDaniel
Carson McDaniel
Bruce Dowhan
Rodrigo Kunstmann
Pedro Bejares
Gerardo Huerta
Sebastian de la Cuadra
Alejandro Herera
Cristobal Iglesias
Rodolfo Moraga
Patrick Lucy
Francisco Del Rio
Jose Gabriel Correa
Sebastian Errazuriz
Juan Pablo Cerda
Fernando Cerda
Andy Hamilton
Giovanni Cavaletto

Welcome Remarks

Chairman Covarrubias convened the meeting at 10 A.M., welcoming everyone, and making some introductory remarks on the season YTD, as well as CAIA's partnership with Joaquin Niemann.

Review and Approval of Minutes

Brux directed everyone's attention to the minutes of CAIA's 2018 annual meeting. She pointed out that, according to the minutes, she was supposed to submit a marketing update to everyone at the beginning of the season. With most of the marketing elements being finalized in August, and the brand ambassador agreement with Joaquin being formalized in Chile during the last week in August, no report was submitted. Brux communicated that she would submit a report in November, as well as at the end of the season, as communicated in the annual meeting minutes.

Chairman Covarrubias also commented that the annual meeting minutes included mention of a retail trip to Chile, which had not been planned. Brux replied that her team had contacted importers about the best timing for a trip, and general consensus was that the August/September timeframe would be best. With the Joaquin Niemann press conference and ad shoot taking place at the end of August in Chile, this year didn't work for a retail tour. One would be considered for a similar timeframe next year.

Dana Thomas made a motion to approve the minutes, and Cristian Hargous seconded it. Minutes were unanimously approved.

Shipping Projections

Chairman Covarrubias presented a few slides showing total season exports from Chile to all key export markets over the past 3 years, as well as exports through Week 40 for the last 4 years. Regarding volume shipped through Week 40, the U.S. has shown sizable increases year on year.

A discussion ensued regarding current market oversupply situation, volume projections for this season and thoughts on length of season. Several importers communicated the need for a commitment on behalf of Chilean suppliers to develop ongoing retail programs. There are retailers who want Chilean fruit, so we need to get in front of them and offer incentives to support Chile. There was general agreement that there was no need at this time to change the volume of 66 million pounds that was included in the approved budget for 2018/19. It was too early to forecast how the season would play out.

Financial Report

Due to Treasurer Kellen Newhouse's absence from the meeting, Managing Director Brux led this session. She noted that she had not scheduled an audit planning call with AMS and the auditors prior to the mid-term meeting, so this would need to be scheduled before CAIA's auditor could present the draft 2017/18 audit. It was noted that the audit planning call

would take place in the very near future, and then a call would be scheduled with the Board of Directors to review the audit.

Brux directed everyone's attention to the September 2018 Financial Statement. She noted that net assets at the beginning of the 2018 financial year were around \$2.8 million. From the beginning of this financial year (July 1, 2018) through September 30, CAIA had expenses of \$545,269, primarily in advertising. Current net assets were \$2.262 million. Even if total volume was less than the projected 60 million pounds, CAIA would still end the financial year with over \$1 million in reserve.

2018/19 Marketing Plan

Karen Brux and Steve Hattendorf presented the retail programs that had been confirmed, many of which were already in progress. They emphasized how many new programs had been put in place in response to the influx of larger volumes at the start of the season. A total of 13 regional chains were either already running Chilean avocado programs or were scheduled to run them.

The overview of the 2018/19 marketing campaign began with a detailed account of CAIA's partnership with Joaquin Niemann. Chairman Covarrubias communicated that a press conference was held on August 27, with all major Chilean TV, newspaper and radio stations attending and reporting on it. ESPN was also there. CAIA spent nearly 3 days with Joaquin, filming in both an avocado pack house and at Las Brisas country club. CAIA produced 2 ads and obtained numerous photos and video clips to use on social media. With access to Joaquin's Instagram account, we've been posting on a regular basis and will continue throughout the contract period, which runs from September 1, 2018 through August 31, 2019. CAIA has the rights to use Joaquin's name, biography, photographs and videos to promote and advertise Avocados from Chile in the U.S. during the term of the agreement. This includes online and offline advertising, as well as events in which CAIA participates. Covarrubias commented that Niemann had done quite well in many of the recent tournaments and the partnership was off to a good start.

Brux showed the ad that was filmed while in Chile, and highlighted the press coverage that was obtained, both in Chile, as well as in the U.S. trade press. She also presented both online and print trade ads featuring Joaquin.

She then moved on to the brand campaign, which consists of TV, radio and display ads shown on such media as Hulu, Pandora, Yahoo, etc.

Brux introduced 2 events where Avocados from Chile was a key sponsor. This includes the We Can Survive benefit concert for breast cancer, and the San Diego Food & Wine Festival, taking place in late November. Blogger partnerships would also be taking place throughout the season, with one of the main goals to increase the number of Instagram followers.

Finally, Brux showed 2 new Avocados from Chile usage videos, as well as images from the revised nutrition section of the website.

HAB Update

The Executive Director of the Hass Avocado Board (HAB), Emiliano Escobedo, gave a brief presentation, including an overview of the HAB and an update on the HAB nutrition research center and marketing tools available to health professionals and the trade. Mr. Escobedo communicated changes to the Haprio. The Board has approved changes aligning the order with the way business is conducted, making them more effective and efficient. This includes untethering alternates to directors, flexibility to change the number of alternates on the board, address delayed appointments by the USDA and align board term year with the fiscal year.

John McGuigan, HAB Director of Industry Affairs, went on to highlight recent research that showed cost and then quality as the #1 and 2 barriers to purchase for avocados. The HAB will be producing a quality manual for all origins of avocados to assist consumers in selecting the best avocados. They also aim to expand the work that CIRAD is doing in presenting the industry a global view of where avocados are being produced and sold. This will be available online in Q2 2019.

Other Issues

Managing Director Brux communicated that AMS has met with CAIA's accountant and Brux to review all matters associated with a 3-year management review. There were a number of issues that needed to be addressed following the last management review, and all of these had been taken care of, with AMS set to finalize their review over the next few months.

Chairman Covarrubias directed everyone's attention to electing a representative and an alternate to the HAC. There were no new volunteers, so Chairman Covarrubias volunteered to continue as the representative. Patrick Lucy communicated that he would continue as the alternate. Dana Thomas made a motion and Sebastian Bulnes seconded it. The motion was unanimously approved.