



**AFM Board Meeting
Minutes
September 14, 2016**

Place:

AFM Headquarters
Dallas, Texas

Board of Directors:

Mike Browne, Chair (p)
Antonio Villaseñor, Vice Chair (p)
Ricardo Vega, Treasurer (p)
Martin Mendoza, Director (p)
Gary Calaroso, Director (p)
Ramon Paz, Director (p)
Armando Lopez (ex-officio) (p)
Ron Campbell, Secretary (ex officio) (p)

Officially Present:

Alvaro Luque, President AFM
Vicky Carpenter, AMS
Dolora Sillman, MHAIA
Miguel Molina, AFM CFO
Kevin Brosch, General
Mark Garcia
Michael Lemos

Members:

Sergio Paz	Giovanni Cavaletto	Robb Bertels
Adrian Iturbide	Victor Barragan	Gabriel Villaseñor
Mauricio Gonzalez	Fernando Torres	

Roll Call and Minutes:

Mike Browne called the meeting to order, took the roll call and established a quorum. Gary Caloroso motioned to approve the minutes from the May 17 meeting and Ramon Paz seconded the motion. Unanimous.

Based upon the recent APEAM Election of Adrian Iturbide as President and Ignacio Valerio as Treasurer of APEAM Board, the new board of directors of AFM must change as well. Therefore, Antonio Villaseñor and Martin Mendoza will step down from the AFM board and Adrian and Yignacio will fill their seats. Mike Browne motioned to accept this new board and Ramon Paz seconded the motion.

In addition, Mike Browne motioned to elect Adrian Iturbide as Vice President of AFM. Gary Caloroso seconded the motion. All were in favor.

Alvaro introduced Miguel Molina to brief the board on the progress of the new culinary center.

Culinary Center Update

- Miguel presented an updated floor plan and a budget update. AFM team will continue meeting with landlord and vendors. Target moving date is November 2016.
- Budget is expected to be \$18,000 over the original estimate; however, figures are not final.
- While the professional Audio Visual system is driving the over budget balance, showcasing the culinary center is the main driver of the investment.

Item	Budget	Quote	Diff	Comments
Construction Allowance	\$373,926	\$373,926	\$ -	Pending Kitchen Design
Tenant Improvement	\$252,805	\$270,600	\$17,795	
Kitchen Equipment	18,000	-	-18,000	
Office Furniture	70,000	68,200	-1,800	
Telephone System	3,305	3,000	-305	Need to upgrade phone system
Cabling	23,000	22,356	-644	Cat 6 and centralized system
Network	6,500	6,500	-	IT Labor
Security Camera	3,500	3,304	-196	Upgrade system
Access Controls	8,500	8,400	-100	7 door systems: 4 existing + 3 new
Audio Visual System	120,000	150,340	30,340	Full Professional System
Lighting system	-	8,500	8,500	Contingent Construction Allow

- Current offices = \$137,475/3972 = \$34.6/sqf.
- Office Expansion = 7,561 sqf * \$34.6 = \$261,294
- \$111,600 difference

Accounting and Management Application (ERP)

- AFM accounting department and MHAIA met with the three selected vendors and presented an estimated investment for each application.
- Based on our operation requirements and future growth, the accounting department recommended SAP ByDesign. The board approved AFM’s recommendation.
- AFM will begin working on the proper documentation to complete SAP contract.

ERP Application	Year 1			Annual Recurrent Fees		
	Intacct	NetSuite	SAP ByDesign	Intacct	NetSuite	SAP ByDesign
Licenses	35	29	29	35	29	29
Core Modules	\$ 26,664	\$ 52,926	\$ 40,656	\$ 26,664	\$ 52,926	\$ 40,656
Financial Management	18,900	11,838	40,656			
MultiCompany	660	11,994				
Advanced Procurement		3,594				
Support	2,760	5,904				
Project Budget Validation	2,500	15,096				
Advanced Payment Approval (Piracle)		3,558				
Expense Split Functionality	1,344					
Fixed Assets	500					
Concur Travel Exp **		942				
Implementation service Fees	\$ 45,750	\$ 77,300	\$ 106,900	\$ -	\$ -	\$ -
Professional Services & Training	33,750	72,200	45,000			
Project Budget Validation		5,100	22,800			
Expense Split Functionality*	11,250		17,100			
Fixed Assets	750					
Payment Approval			22,000			
Total ERP	\$ 72,414	\$130,226	\$ 147,556	\$ 26,664	\$ 52,926	\$ 40,656
\$ per license/year				\$ 762	\$ 1,825	\$ 1,402
Average \$ per license/month				\$ 63	\$ 152	\$ 117

5 Year Analysis						
Application/Year	1	2	3	4	5	Total
Intacct	72,414	26,664	26,664	26,664	26,664	179,070
Net Suite	130,226	52,926	52,926	52,926	52,926	341,930
SAP	147,556	40,656	40,656	40,656	40,656	310,180

Digital Asset Management Application

- System is on production and has been implemented with the Hispanic department.
- AFM is working in incorporating the agencies in the process and further automate the workflow.
- AFM is targeting to complete a full implementation by November 2016.

HR Update

- Michael Lemos, new HR Manager for AFM, presented his work plan for the year.

- Activities included a compliance audit, an update on policy and procedures and corporate training.

Policies and Procedures

- AFM presented multiple policy procedures updates. All policies were approved by the board and will be submitted to AMS for final approval.
- Michael Lemos, presented the following HR policies:
 - **Code of Ethics:** This is an enhancement from our current employee handbook that includes a new compliance hotline, background checks for new employees, and an exit interview conducted by HR.
 - **Family Medical Leave (FML):** This is a new policy to support employees during eligible FML events with a job-protected leave for up to 6 weeks. AFM will pay for 1 pay period during FML and offer a 2 paid days for parental leave.
- Miguel Molina presented the following administrative policies:
 - **Accounting and Payment Procedures:** This document matches our current internal controls and procedures.
 - **Contract Management Process:** We are updating the existing policy to include minor changes on current procedures and terms used to match our current operation.
 - **Travel Expense Policy:** This updated document contains minor changes; however, it expands and addresses common employee questions and management observations.
 - **Computer Replacement Policy:** This is a new policy with a 3-year replacement cycle and an option for the employee using the equipment to purchase his/her unit
 - **Social Media Policy:** This is a new policy to serve as a guideline for social media usage

Administrative Update

- AFM is preparing for AMS Management audit review. Audit is scheduled during the first week of December.
- Miguel presented our current Insurance Policies and recommended to increase the Marketing Professional Liability insurance from \$1 million to \$4 million. The additional annual insurance cost will be about \$10,000. Board approved the liability increase.

Policy	Coverage	Proposal
Commercial General Liability Premises and Contents - The Hartford	Main Office + IP warehouse \$1 MM liability per occurrence \$2 MM aggregate \$3 MM umbrella Non-owned; Hired Autos \$1MM/accident	\$7,300/year Coverage is reasonable
Workers Compensation - The Hartford	Depends on Payroll \$1 MM incident/Disease EA Emp	\$12,800/year Update to match payroll
Employment Practices Liability and Director and Officers - Continental Casualty	Single Limit Liability \$5 MM Previously used on one claim	\$19,715/year Coverage is reasonable
Marketing Professional Liability - Philadelphia	\$1 MM liability per claim \$2 MM Aggregate	Currently @ \$19,017/year ↑ \$2 MM = \$25,000/year ↑ \$4 MM = \$29,000/year ↑ \$5 MM = \$35,000/year
Fidelity Bond - The Hartford	LMT \$265,000	\$270/ three years Coverage is reasonable 401(k) requires 10% of balance YTD Sept 2016 Balance=\$741K
Key Man Insurance - Cincinnati Life Insurance	\$1 MM	\$2,945/year Coverage is reasonable

After these presentations, Gary Caloroso motioned to approve the administration and investment policy proposals and Ramon Paz seconded the motion. There was no objection.

Following this, Ramon Paz provided an update on the HAB quality committee.

Finally, Adrian Iturbide proposed that Ramon Paz continue as the Mexican industry's appointment to the Hass Avocado Committee and Mauricio Gonzalez will be his alternate. Gary Caloroso seconded the motion and all were in favor.

There being no other new business, Adrian Iturbide motioned to adjourn which was seconded by Ricardo Vega. All were in favor.

Respectfully Submitted

**Ron Campbell
Secretary AFM**