



**AFM Board Meeting
Minutes
July 17, 2013**

Place:

**Disneyland Hotel
Anaheim CA**

The first Board of Directors meeting of Avocados From Mexico ("AFM") was held on July 17, 2013 in a meeting room at the Disneyland Hotel in Anaheim California. Mike Browne, Antonio Villaseñor and Adrian Iturbe, the directors listed in the Articles of Incorporation filed with the State of Nevada, were present and it was decided that Mr. Browne would act as the Chairman for the Meeting. Mr. Browne called the meeting to order at 9 a.m.

The participants in the meeting were:

**Sergio Guerrero, Chairman of the Mexican Avocado Producers Association ("APEAM")
Adrian Iturbide, Chairman of Mexican Hass Avocado Importers Association ("MHAIA")
Antonio Villaseñor, Treasurer of APEAM
Ramon Paz, Marketing Representative for APEAM
Mike Browne, Marketing Representative for MHAIA
Armando Lopez, Executive Director APEAM
Ron Campbell, Executive Director MHAIA
Kevin Brosch, Brosch Trade, LLC
Tim O'Connor, _____**

Ed Figueroa, the Treasurer of MHAIA and Veronica Douglas of the Agricultural Marketing Service of the U.S. Department of Agricultural participated in the meeting by telephone.

Mr. Browne introduced Mr. Brosch who was serving as legal counsel to AFM for the meeting in lieu of Dale McNeil who was too ill to attend. Mr. Brosch read an antitrust policy statement that had been prepared and had been provided to the participants, along with the meeting agenda, prior to the meeting.

Mr. Browne called the roll of the directors and established that all directors were present for the meeting. He then asked Mr. Campbell to act as Secretary for the meeting and to record the minutes.

Mr. Browne presented four resolutions for the consideration of the Board. Those resolutions are attached as addenda to these minutes. In summary, the resolutions were to:

- **Adopt By-Laws for AFM;**
- **Approve the hiring of Mr. O'Connor as Chief Executive Officer;**
- **Issue the Stock of AFM to MHAIA; and**
- **To elect a New Board of Directors to comply with the By-Laws.**

After consideration of the resolutions and some discussion, Mr. Iturbide made a motion to approve the By-Laws as presented in the resolution. Mr. Villasenor seconded the motion, which was then approved and adopted by a unanimous vote. The By-Laws, as approved, are attached as an addendum to these minutes.

Mr. Iturbide then made a motion to adopt the resolution confirming Mr. O'Connor as the CEO of Avocados From Mexico. Mr. Villaseñor seconded the motion, which was then approved and adopted by a unanimous vote.

Mr. Villaseñor made a motion to adopt the resolution to issue 100 shares of AFM stock to the Mexican Hass Avocado Importers Association. Mr. Iturbide seconded the motion, which was then approved and adopted by a unanimous vote.

Mr. Iturbide then made a motion to adopt the resolution to elect and seat a new Board to conform with the provisions of the new By-Laws and with the Memorandum of Understanding between APEAM and MHAIA dated May 18, 2013. Mr. Villasenor seconded the motion, which was then approved and adopted by a unanimous vote.

As a result, the newly elected Board of Directors is as follows:

**Sergio Guerrero, Chairman of APEAM
 Adrian Iturbide, Chairman of MHAIA
 Antonio Villaseñor, Treasurer of APEAM
 Ed Figueroa, Treasurer of MHAIA
 Ramon Paz, Marketing Representative for APEAM
 Mike Browne, Marketing Representative for MHAIA
 Armando Lopez, Executive Director APEAM (ex officio)
 Ron Campbell, Executive Director MHAIA (ex officio)**

Nomination of Officers:

Mr. Iturbide nominated Mr. Browne to serve as the new Chairman of the Board. Mr. Figueroa seconded the nomination. Mr. Browne was elected to be Chairman by unanimous vote.

Mr. Paz nominated Mr. Villaseñor to serve as Vice Chairman. Mr. Browne seconded the nomination. Mr. Villaseñor was elected to be Vice Chairman by unanimous vote.

Mr. Villaseñor nominated Mr. Iturbide to serve as the new Treasurer of the Board. Mr. Brown seconded the nomination. Mr. Iturbide was elected to be Treasurer by unanimous vote.

Mr. Brosch noted that the Board consisted of representatives from all parts of the United States and Mexico. Because he had experience with several companies whose Boards were similarly composed, he recommended that the Board consider electing a Secretary who was located close to the business operations to ensure timely execution of official documents. Mr. Paz nominated Mr. Campbell to serve as Secretary of AFM. Mr. Iturbide seconded the nomination and Mr. Campbell was elected to be Secretary by unanimous vote.

Mr. Browne presented a recommendation adopted earlier in the day by the APEAM/MHAIA Joint Marketing Committee (“JEC”) that AFM move forward with the \$3.4 MM Fall Baseball Program. Mr. Browne moved to accept the recommendation as presented. Mr. Villaseñor seconded. There was discussion in which several Board members stressed the need for AFM to proceed in a manner consistent with the APEAM/MHAIA Brand blueprint. Several members raised concerns regarding logo design and usage, origin, and tag line wording. Others felt there needed to be more input from the Board on the creative aspects of the program, and on the Times Square and Awards promotions. Mr. O’Connor assured the Board in all aspects of the program there would be a consistent emphasis on the brand “Avocados From Mexico.” Mr. Browne then called for a vote on the motion, and the motion was approved unanimously.

Mr. O’Connor mentioned that he would provide a more specific break down of the AFM budget to AMS for its approval.

Accounting Procedures:

Mr. O’Connor presented a draft of the accounting procedures that AFM would follow, along with with a proposal to amend MHAIA’s Procedures for Processing Accounts Payable, Cash Disbursements and Approval of Contracts. Mr. O’Connor reported that he had been discussing with officials at JP Morgan Chase Bank to set up a system of accounts to implement the system. The AFM accounting procedures would include a depository account and a zero balance account for all disbursements. Ms. Douglas states, that for ease of its regulatory oversight, AMS requested that there be a third account solely for MHAIA deposits. Mr. O’Connor responded that he had been told by the bank officials that a third account would not be compatible with the JP Morgan Chase zero balance system. However, the system could clearly record and account for all APEAM deposits.

The AFM procedures would be based on an advanced-billing invoice that would be submitted to MHAIA at the beginning of each month, and that will be reconciled against actual expense incurred at the end of each month. Initially, AFM will contract with a bookkeeping service. Dolora Sillman will remain as financial director of MHAIA and oversee and reconcile AFM expenditures of MHAIA payments. Concern was raised about the AFM general ledger being in the possession of an outside firm but Mr. O’Connor stressed that AFM, MHAIA and APEAM will have full access to the books.

Mr. Browne made a motion to accept the AFM Accounting and Payment Procedures as presented by Mr. O’Connor with two addition: first, APEAM would be added to point number 7 of Accounting Procedures (as requested by Mr. Paz earlier in the discussion); and, secondly, a separate third account would be established for APEAM deposits. Mr. Figueroa seconded the motion, which was approved unanimously.

Mr. Browne also recommended that the JEC request that MHAIA amend its procedures to include a monthly pre-bill invoice system to be reconciled at the end of every month to adapt the new AFM accounting guidelines.

New Business:

Mr. Iturbide advised the group that APEAM is considering a new crop reporting company and will not longer be using the Jesus Jasso firm.

Mr. O'Connor mentioned that his quarterly bonus is due. Mr. Campbell recalled favorably that Mr. O'Connor had accomplished a number of initial goals in the short period of time he had been working for AFM. Several Board members said that they had not had the opportunity to fully review Mr. O'Connor's bonus situation and so the Board tabled the decision until all members had a chance to do a review. However, the Board committed to addressing this issue very quickly, perhaps making the decision over a conference call.

Mr. Paz stressed the need for an updated crises management plan. Mr. Browne suggested that AFM engage IMW for 90 days to work on the issue. Mr. O'Connor said that he would look into it.

There being no other new business, Mr. Iturbide made a motion to adjourn and the motion. Mr. Villaseñor seconded the motion, which passed unanimously.

Note: on July 22 the AFM budget was circulated electronically to the AFM Board with a more specific breakdown of expenditures and via email vote on July 23rd, Sergio, Adrian, Mike, Ramon and Antonio voted in favor of the budget. Therefore it was submitted to AMS on July 23rd for approval.

**Respectfully Submitted
Ron Campbell
Secretary AFM**
