



**AFM Board Meeting
Minutes
February 22, 2017**

Place:

AFM Headquarters
Dallas, Texas

Board of Directors:

Mike Browne, Chair (p)
Adrian Iturbide, Vice Chair (p)
Ricardo Vega, Treasurer (p)
Ygnacio Valerio, Director (p)
Gary Caloroso, Director (p)
Ramon Paz, Director (p)
Armando Lopez (ex-officio) (a)
Ron Campbell, Secretary (ex officio) (p)

Officially Present:

Alvaro Luque
Kelly Robertson
Dolora Sillman
Miguel Molina
Kevin Brosch
Mark Garcia
Michael Lemos

Roll Call and Minutes:

Mike Browne called the meeting to order, took the roll call and established a quorum. Kevin Brosch counseled the board on the antitrust policy. Gary Caloroso motioned to approve the minutes from the September meeting and Ramon Paz seconded the motion. Unanimous.

Miguel Molina and Dolora Sillman provided an overview of the AFM Financials.

As of February 16, 2017:

The total cash balance = \$7,259,742

Total Contribution from MHAIA / APEAM = \$44,739,622

Total Assets = \$18,580,335

Total Liabilities and Equity = \$18,580,335

Total Expenses = \$36,265,793

Ramon Paz motioned to approve the treasurers report and Gary Caloroso seconded and the motion passed without objection.

Miguel and Dolora presented the FY 17 proposed budget amendment based upon the adjusted volume figure of 1.66 billion lowering the total contribution of APEAM and MHAIA down from \$68,940,723 to \$63,617,278. Ygnacio Valerio motioned to approve the amended budget and Adrian Iturbide seconded the motion which carried without objection.

- Miguel Molina presented the following project updates:
 - **assetServe:**
 - assetServe has been fully implemented.
 - Effective February 2017, all new digital assets need to be approved via AMS via assetServe.
 - AFM will keep all previous approved assets on a shared drive.
 - **SAP ByDesign:**
 - Project is on schedule and the new system will go live on July 1, 2017.
 - The scope for the ERP implementation includes, closing the books, the Procure to pay cycle, and the Project/Contract management module.
 - The board approved a temporary accounting clerk position to support the operation during the ERP implementation.
 - **New Payroll System**
 - Ceridian has been successfully implemented.
 - Effective January 2017, all new payroll transactions have been performed via Ceridian.
 - AFM closed and paid all payroll transactions the 2016 calendar year on the previous system, Paychex.

- Miguel also presented some new initiatives
 - **Corporate Rental Car Program:**
 - AFM implemented a new Corporate Rental car program with National/Enterprise.
 - This program will give access to AFM employees to volume discounts; however, employees will continue following the standard expenses reimbursement process established on its travel policy.
 - **Corporate Telephone Proposal:**
 - AFM is spending an average of \$100 per employee per month per employee on its cellphone reimbursement program.
 - AFM has engaged Verizon and they are proposing a \$65 per phone per month program that includes a new phone with a 2-year contract.
 - Miguel will complete the analysis and present a new proposal.
 - **Procurement Corporate Credit Card:**
 - AFM is proposing a new Corporate card to consolidate FedEx, annual domain subscriptions, office supplies and other office expenses.
 - These expenses are currently paid by using Miguel Molina and Alvaro's personal credit cards.
 - Gary Caloroso motioned to approve the corporate credit card policy based upon AMS approval of the policy and Ramon seconded the motion which carried without objection. Dolora to present a new corporate card policy for approval, prior to implementing the new corporate card.
 - **Comprehensive Benefits Review:**
 - AFM will form a 401(k) committee to assess AFM's retirement plan and comply with its fiduciary responsibility. Committee will meet every six months and it will include the following members: AFM-President (Alvaro), AFM-HR Manager (Michael), AFM-CFO (Miguel), and MHAIA-Finance (Dolora).
 - AFM's 401(k) has reached a critical investment balance to gain access to well recognized administrator plans, such as Fidelity or Mass Mutual, and it will open its 401(k) for a bid, including our current administrator.
 - Miguel will work with the new 401(k) committee to review the available plans and make a recommendation to the board.

- Michael Lemos, AFM-HR Manager, is working with Mercer and the board to review our benefits plans, and propose potential changes.

- **New Offices Update**

- **Phase I – Office Expansion**

- AFM approved Phase I for the offices expansion.
- Phase I is \$30,384 over the original estimate due to soft costs, such as architectural services and Engineering services.
- Overage will be applied towards the construction allowance and it will not represent a cash outflow for AFM.
- The estimated move in date is April 2017.
- Adrian Iturbide Motioned that the Culinary Center budget not exceed \$1.2 million and this motion was seconded by Ygnacio Valerio. There was no objection.

Phase I

Item	Budget	Actual	Diff
Audio Visual	-	5,000	5,000
Office Furniture	70,000	60,000	(10,000)
Cabling	23,000	22,356	(644)
Network labor & Cameras	7,500	7,130	(370)
Network hardware	16,000	15,127	(873)
Security Access Control	10,500	10,336	(164)
Total Tenant Improvement	127,000	114,948	(7,052)
Construction Allowance	297,266	327,650	30,384
Total Over Budget			23,333

100% Soft Costs
 Architectural Services
 Asbestos Survey
 MEP Design Services

- **Phase II – Culinary Center**

- After multiple meetings with both the Architects and the landlord to find additional savings, we were working on the assumption that the Phase II estimate we got in December for \$392k was our worst-case scenario, but in January we got a revised estimate of \$630k that is not acceptable.
- We asked the contractor to come back with a revised version that will take us close to our December number. Also, we asked to implement a standard lighting system, eliminate the sound panels, and that we will procure the kitchen equipment directly with a wholesaler.
- We are waiting for the revised bid. If they don't get close to our target numbers, we recommend to triple bid the phase 2 again.

- Based on the current data AFM will target a “medium” budget scenario. This scenario is already included in the February 2017 amended and approved budget.
- Adrian Iturbide made a motion to approve the overall project, including Phase I and Phase II, however the budget cannot exceed a total \$1.2 million. It was noted that the \$1.2 million is the total cost; however, AFM needs to apply its \$373,936 construction allowance and the total cash outflow will not exceed a net balance of \$826,064 (\$1.2 million - \$373,936 construction allowance).
- There was a discussion on quantifying future cost savings through potential partnerships.

Phase II Item	November 2016			December 2016			High January 2017			Scenarios Low February 2017		Median February 2017	
	Budget	Estimate	Diff	Budget Oct	Investment	Vs Nov	Budget Jan	Investment	Vs Dec	Bud Feb	Investment	Bud Feb	Investment
	Audio Visual	125,805	146,723	20,918	146,723	20,918	-	146,723	20,918	-	-	(125,805)	-
Kitchen	-	-	-	-	-	-	-	-	-	35,000	35,000	35,000	35,000
Total Tenant Improvement	125,805	146,723	20,918	146,723	20,918	-	146,723	20,918	-	-	(90,805)	-	(90,805)
Construction Allowance	76,670	333,060	256,390	392,296	315,626	59,236	630,303	553,633	238,007	392,296	315,626	511,300	434,630
Total			277,308			336,544			574,551		224,821		343,825
Phase I Overage													23,333
Admin Savings													(250,000)
Net Balance			277,308						597,884		(1,846)		117,158

Closed Session:

Michael Lemos introduced employees from Mercer who provided the board with an update on the ongoing Human Recourses assessment of AFM.

Upon conclusion of the closed session, the meeting resumed. Alvaro updated the board about contracting with “Ubiquity” in the future who will conduct an audit of our media agencies.

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

Respectfully Submitted

Ron Campbell
Secretary AFM