

AMERICAN PECAN PROMOTION BOARD

Board Meeting

September 28, 2021

A Board Meeting of the American Pecan Promotion Board (the “Board”, “Program” or the “APPB”) was called to order by David Salopek, Chairperson of the Board, at 1:35pm CST.

Roll-Call

Mr. Salopek led a roll-call of the participants and the following persons were present:

Alex Caryl, (MDD-MARB)
Heather Pichelman, (SCP)
Patty Petrella, (MDD)
Sue Coleman, (MDD-MARB)
Abigail Campos, (MDD-SERB)
Paul Quiros
Mike Adams
Deborah Walden-Ralls
John Turner
David Salopek

Brittan Bagley
Romulo Garza
Mark Hamilton
John Hutchens
Trent Mason
Dennis Hardman
Molly Willis
Jaye Massey
Kortney Chase

Based on this attendance, a quorum for the meeting was confirmed.

Approval of Minutes and Memorandum of Board Vote in Lieu of a Meeting

Mr. Salopek asked for comments regarding the Minutes from September 15th, 2021, and the Memorandum of Board Vote in Lieu of a Meeting dated September 24th, 2021. Hearing none and upon motion made by Mr. Mason and vote of the Board the Organizational Meeting Minutes for September 15, 2021, were approved. Further, upon motion made by Mr. Hamilton and a vote of the Board the Memorandum of Board Vote in Lieu of a Meeting dated September 24, 2021, was approved.

New Board Orientation

Mr. Salopek called on Ms. Caryl to continue the New Board Member Orientation that was begun by the USDA on September 15, 2021. Ms. Caryl presented Orientation material to the Board on a number of USDA structural, legal, governance and operational topics applicable to Promotion Programs and answered questions of the

Board pertaining to her presentation. Ms. Caryl agreed to send her presentation to the Board for future reference.

Proposed FY2022 Budget

Mr. Salopek called on Ms. Walden-Ralls to review the proposed APPB budget for the period October 1, 2021, through September 30, 2022 (the "FY2022 Budget"). Ms. Walden-Ralls reviewed the proposed FY2022 Budget for the meeting participants. The Board and USDA participants asked questions and entered into a discussion of the specifics of the proposed FY2022 Budget.

Industry Notification of Assessments

Mr. Salopek discussed industry newsletter dissemination of assessment information through press releases and letters to First Handlers and Importers.

Update on Incorporation, Bank Accounts and Tax-Exempt Matters

Mr. Salopek updated the Board on OGC's review of the legal engagement for hiring counsel to form the legal entity in Texas and help with certain tax matters. Mr. Quiros and Ms. Caryl commented on the progress of these matters and how they relate to the future opening of the APPB's bank accounts.

Office Space and Forms

Mr. Salopek reviewed the status of the APPB's office space discussions and forms. Ms. Caryl announced the progress to date in OMB's review of the forms. Ms. Caryl and Ms. Petrella answered questions of the Board regarding the forms and Ms. Caryl displayed some of the forms on the meeting screen for participants.

Potential Government Shutdown

Mr. Salopek asked the USDA team to address the ramifications of a potential US Government shutdown. Ms. Caryl addressed this issue and announced that the MDD would not shut down in this event and that there would be no lapse in oversight services.

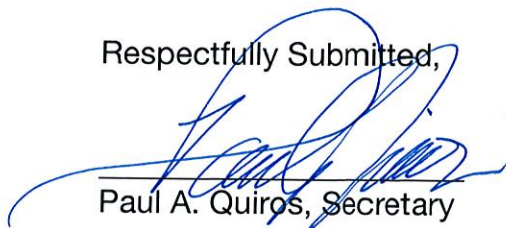
Future Meetings

Mr. Salopek called for the next meeting of the Board to be held on Tuesday, October 12, 2021, at 2:30pm CST. Mr. Salopek also called for a meeting of the Executive Committee on Tuesday, October 12, 2021, at 8:30am CST. Ms. Caryl agreed to provide a Zoom connection for the participants of both meetings.

New Business and Adjournment

Mr. Salopek called for new business. Hearing none, Mr. Salopek asked if there was a motion for Adjournment. Upon motion made for Adjournment by Ms. Walden-Ralls and a vote by the Board, the meeting was adjourned at 2:49pm CST.

Respectfully Submitted,



Paul A. Quiros, Secretary

Approved after review of
the Board and USDA:



David Salopek, Chairperson

American Pecan Promotion Board

Financial Budget

Approved

Fiscal Year (October 2021-September 2022) Proposed Budget Explanation

Approved Budget 10.12.2021

Beginning Reserves

Program Reserves	\$	-	Program begins 10/1/2021
Escrow Reserve	\$	-	
Total Beginning Reserves	\$	-	

REVENUE

Assessments Domestic	\$	6,300,000	Estimate of 315,000,000 lbs. * 2cents
Assessments Imports	\$	3,120,000	Estimate of 156,000,000 * 2 cents
Interest	\$	100	
Contributions	\$	1,000	\$1223.50(f)
TOTAL REVENUE	\$	9,421,100	

EXPENSES

Program Expenses

Promotion	\$	4,105,000
Research	\$	383,000
Total Program Expenses	\$	4,488,000

Operating Expenses

Audit	\$	10,000
Bank Fees	\$	1,000
Board Meetings	\$	1,000
Insurance	\$	17,000
Legal	\$	7,000
Office Equipment	\$	10,000
Contingency	\$	100,000
<i>One Time Expenditures for office Set up</i>	<i>\$</i>	<i>10,000</i>
Sub-Total	\$	156,000

Office Expenses

Manager	\$	18,000
Clerk (benefits included)	\$	50,400
Taxes	\$	6,000
Bookkeeper	\$	78,000
Rent	\$	2,400
IT/Tel/Internet	\$	15,600
Travel	\$	3,000
Supplies	\$	5,100
Postage/Printing	\$	20,400
Misc	\$	6,000

Sub-Total Office Expenses for 12 months **\$ 204,900**

Sub-Total Operating Expenses **\$ 360,900**

USDA Charges

USDA Start-Up Fee	\$	60,000
USDA User Fee	\$	100,000
Collections	\$	100,000
Subtotal USDA Charges	\$	260,000

Total Operating Expenses **\$ 620,900**

TOTAL EXPENSES **\$ 5,108,900**

Ending Reserves

Escrow Reserve	\$	942,000	10% of Assessments
Program Reserve	\$	3,370,200	
Total Ending Reserves	\$	4,312,200	