

AMERICAN PECAN PROMOTION BOARD

BOARD MEETING

October 26, 2021

A Board Meeting of the American Pecan Promotion Board (the "Board," or "APPB") was called to order by David Salopek, Chairperson of the Board at 2:36pm CST on October 26, 2021.

Participants

Mr. Salopek called on Mr. Quiros to lead a roll-call of the participants and the following persons were present:

Alex Caryl, (MDD-MARB)
Sally Arn
Sue Coleman, (MDD-MARB)
Phillip Arnold
Mark Hamilton
Trent Mason
Mike Adams
Deborah Walden-Ralls
David Salopek

Guillermo Humphey
John Turner
Brittan Bagley
Romulo Garza
John Hutchens
Dennis Hardman
Molly Willis
Jaye Massey
Paul Quiros

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

Approval of Minutes

Mr. Salopek asked for comments regarding the Minutes from the October 12, 2021, Board Meeting. Hearing none and upon motion made by Ms. Walden-Ralls, the Board approved the Minutes of the October 12, 2021, Board Meeting.

Bank Accounts Update

Mr. Salopek called on Ms. Walden-Ralls, Board Treasurer, to update the Board on the opening of the Bank Accounts. Ms. Walden-Ralls reported on the status of opening of the Bank Accounts.

Accounting Firm Update

Mr. Salopek called on Ms. Walden-Ralls to review the discussions with Armstrong, Backus & Co., LLP, a local San Angelo, Texas, based accounting firm ("Accounting firm"). Ms. Walden-Ralls described the services provided by the Accounting firm which include collecting of funds, depositing funds in the Bank, and

accounting for same. Ms. Walden-Ralls additionally described the costs for these services and the Accounting's firm's processes to ensure that any fraud or theft in the handling of funds would be quickly exposed. Ms. Walden-Ralls announced that a separate accounting firm must conduct the annual financial audit, as required by the Order. Members of the Executive Committee commented on the options considered and their conclusion that hiring the Accounting firm for these tasks was the best option for the APPB. Various Board members commented on this development.

Mr. Quiros made a motion, that the Board authorize the Executive Committee to contract with the firm of Armstrong, Backus & Co., LLP for these services. After discussion.. Mr. Quiros amended his motion, that the Board authorize the Executive Committee to contract with the firm of Armstrong, Backus & Co., LLP, for these services through the end of the current fiscal year (ending September 30, 2022). This motion, as amended, was approved by the Board.

The issue of how to pay for the Accounting firm in the Board's budget was discussed by the Board. Mr. Hamilton made a motion to amend the Board's current Budget by changing all office expense line items that total \$102,450 to administrative services. The motion was rejected by the Board. Mr. Hamilton moved to delete the Contingency line item in the Budget of \$100,000 and replace it with a line item in a Revised Budget for Third Party Administrative Services of \$100,000. The Board approved this Motion and a copy of the Revised Budget is attached as Exhibit A to these minutes.

Board Forms Discussion

Mr. Salopek called on Mr. Adams to review the current status of the Board's forms. Mr. Adams reviewed the status of the forms and the Board entered into a discussion of the forms. It was determined that Mr. Adams would seek the input of APPB members and other members of the Pecan Industry on the forms and report back his findings to the Board.

Industry Letter

Mr. Salopek called on Ms. Caryl to update the Board on an letter prepared by the USDA to the industry. Ms. Caryl described the letter and announced that subject to some additional information to be added to the letter it would be soon ready to be sent to the industry. The Board made additional suggestions on how to communicate this information to the industry.

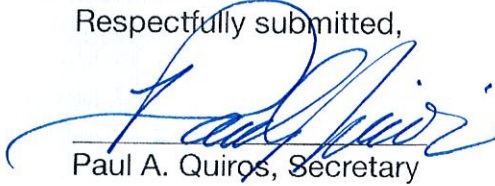
Future Meetings

Mr. Salopek called for the next meeting of the Board to be held on Tuesday, November 9, 2021, at 2:30pm CST.

Adjournment

Mr. Salopek adjourned the meeting at 4:03pm CST.

Respectfully submitted,



Paul A. Quiros, Secretary

Approved after review of
the Board and USDA:



David Salopek, Chairperson

EXHIBIT A

American Pecan Promotion Board Financial Budget

Fiscal Year (October 2021-September 2022) Proposed Budget

Approved 10.26.2021

Beginning Reserves

Program Reserves	\$	-	Program begins 10/1/21
Escrow Reserve	\$		
Total Beginning Reserves	\$	-	

REVENUE

Assessments Domestic	\$	6,300,000	Estimate of 315,00
Assessments Imports	\$	3,120,000	Estimate of 156,00
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
<u>Third Party Administration.</u>	\$	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
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TOTAL EXPENSES	\$	5,108,900
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Ending Reserves

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