

AMERICAN PECAN PROMOTION BOARD

BOARD MEETING

October 12, 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 2:33pm CST.

Participants

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

Alex Caryl, (MDD-MARB)
Marlene Betts, (MDD)
Sue Coleman, (MDD-MARB)
Phillip Arnold
Mark Hamilton
Trent Mason
Mike Adams
Deborah Walden-Ralls
John Turner
David Salopek

Guillermo Humphrey
Sally Arn
Brittan Bagley
Romulo Garza
John Hutchens
Dennis Hardman
Molly Willis
Jaye Massey
Kortney Chase
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 September 28, 2021, Board Meeting. Hearing none and upon motion made by Mr. Turner, the Board approved the Minutes of the September 28, 2021, Board Meeting.

Budget Approval

Mr. Salopek called on Ms. Walden-Ralls who reviewed the proposed Budget for FY2022. Ms. Walden-Ralls reviewed the proposed Budget and answered questions of the Board and the USDA staff on various items in the Budget. Upon motion made by Mr. Quiros, the Board approved the Budget for FY2022, as shown on Exhibit A attached hereto.

Insurance

Mr. Salopek reviewed the need for the Board to purchase both Directors and Officers and Fidelity insurance. Upon motion made by Mr. Arnold, the Board approved the Executive Committee of the Board to purchase these insurance coverages for the Board.

Review of Board Tasks Completed and Related Agenda Items

Mr. Salopek updated the Board on the Board tasks completed including: formation as a Texas non-profit corporation; receipt of an Employer Identification Number from the Internal Revenue Service; and the initiation of opening two bank accounts.

After discussion and upon motion made by Mr. Quiros, the Board approved the Chairperson and Treasurer of the Board as signatories on the Board's bank accounts.

Mr. Salopek initiated a discussion of the status of letters being drafted by the USDA clarifying proper assessment collection for First Handlers and Importers. Ms. Caryl reviewed the progress made on the letters by the USDA and discussed the possible timing for review of these letters by the Board. Board members made comments on the importance of clarifying the assessment payments and forms required.

The Board discussed various assessment collection, forms and Customs issues that had been raised by various members of the Pecan industry. The Board agreed to continue to tract these scenarios to determine if the forms or the Order might need to be improved in the future to clarify these issues.

Press Release

Mr. Salopek discussed a joint Press Release being prepared by the APPB and the American Pecan Council, after USDA approval, to help clarify current industry assessment collection issues.

Employee Hiring

Mr. Salopek discussed the need to hire an APPB employee to handle the Board's assessment collections and record keeping. After discussion and upon motion made by Ms. Walden-Ralls, the Board approved the hiring of an employee for the APPB after proper job posting and interview. It was discussed that this employee would be managed by Mr. Alex Ott, following his hiring.

Post Office Box

Mr. Salopek discussed the need for the Board to obtain a US Post Office Box to receive assessment checks and forms and the participants discussed the need for a Post Office Box and the ability of the Board's Bank to accept wire payments for

assessments. Upon motion made by Ms. Walden-Ralls, the Board approved obtaining a US Post Office Box in Fort Worth, TX. Ms. Walden-Ralls agreed to work with the Bank to create wire transfer ability for the Board to receive assessment payments by that payment method.

Forms

Mr. Salopek discussed the need for the Board to review and approve the forms after they are approved by the USDA and the OMB.

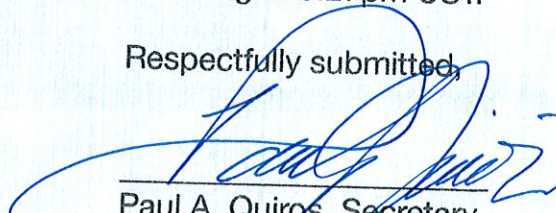
Future Meetings

Mr. Salopek called for the next meeting of the Board to be held on Tuesday, October 26, 2021, at 2:30pm CST. Mr. Salopek also called for a meeting of the Executive Committee on Monday, October 25, 2021, at 2:30am CST.

Adjournment

Mr. Salopek adjourned the meeting at 3:27pm 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 Explanation

Approved Budget

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. * 2cent
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	\$	5,000
Bank Fees	\$	1,000
Board Meetings	\$	1,000
Insurance	\$	17,000
Legal	\$	7,000

Office Expenses

Manager	\$	9,000
Clerk (benefits included)	\$	25,200
Taxes	\$	3,000
Bookkeeper	\$	39,000
Rent	\$	1,200
IT/Tel/Internet	\$	7,800
Travel	\$	1,500
Supplies	\$	2,550
Postage/Printing	\$	10,200
Misc	\$	3,000
Total for 6 Months	\$	102,450

One Time Expenditures for office Set up

Office Equipment	\$	10,000
Contingency	\$	100,000
Sub-Total Program Expenses	\$	345,900

USDA Charges

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

Total Operating Expenses	\$	605,900
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TOTAL EXPENSES	\$	5,093,900
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Ending Reserves

Escrow Reserve	\$	942,000	10% of Assessments
Program Reserve	\$	3,385,200	
Total Ending Reserves	\$	4,327,200	