

AMERICAN PECAN PROMOTION BOARD

BOARD MEETING

July 27, 2022

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 9:02 a.m. CST on Wednesday, July 27, 2022.

Participants

Chairman Salopek called on Alexander Ott to lead a rollcall of the participants and the following person were present:

Mike Adams
Deborah E. Ralls
Dave Salopek
Kortney Chase
Sally Arn
Brittan Bagley
Mark Hamilton
Guillermo Humphrey
John Hutchens

Alex Caryl MDD-MARB
Maggie Pepper Armstrong Backus

Alexander Ott APPB Staff
Jeff Smutny APPB Staff
Deborah Barnett APPB Staff

Phillip Arnold, Trent Mason, Paul Quiros, Molly Willis, Romulo Garza, and John Lee Turner were excused from the meeting. A quorum was confirmed at 9:04 a.m.

Also in attendance were public guest Will Easterlin, Mike Spradling, Buck Paulk, Justin Jones, Catherine Clark, Alison McMillon, Dan Zedan, Lenny Wells, Abby Campos, Delaney Fuhrmeister, Bill Davis, Shannon Ivey, Julianna Gibson, Alexis

Approval of Minutes

Mr. Salopek asked for comments regarding the Minutes from the April 19, 2022, Board Meeting. Upon a motion made by Ms. Ralls, the Board approved the Minutes of the April 19, 2022, Board Meeting.
Financials

1 Did not get approval of the May 25th - Kullie

Mr. Salopek called on Ms. Deborah E. Ralls to update the Board on the Board's current Financial Statements through May 31, 2022, which had been previously circulated to the Board. Mr. Hamilton made a motion to approve the budget as presented, which was approved by the vote of the Board.

APPB Executive Committee Actions

Compliance – Consent Items

Mr. Salopek called on Alexander Ott to present the Consent Items regarding approval of legal counsel for employee/contractor related activities, approval of line-item transfers with oversight by Chairman, approval of no-cost extensions with oversight of Chairman, approval of utilizing reserve dollars to assist in funding 2022-2023 budget, and approval of Executive Committee to approve contractors for Executive related activities. Ms. Ralls made a motion to approve the consent items listed, which was approved by a vote of the Board.

Policies and Procedures

The American Pecan Promotion Board's Executive Committee has been working on drafting the APPB's governing policies and procedures. The following packet are the policies and procedures needing adopted to satisfy the USDA requirements and govern our Board.

These policies include:

- Code of Ethics
- Confidentiality Policy
- Conflict of Interest Policy
- Donations Made by the Board



Contributions to the Board
Civil Rights and Equal Employment Opportunity Policy
Harassment Policy
Development of Programs Policy
Travel Policy
Antitrust Compliance Policy
Accounting and Internal Control Policy
Board Record Retention and Destruction Policy
Cash Management Procedures and Investment Policy Indirect
Costs Policy
Diversity Plan
Board Member Election Procedure
Nominating Process for Officer Election
Internal Controls Policy

Upon discussion, Mr. Bagley made a motion to approve the Policies and Procedures as presented, which was approved by a vote of the Board.

General Administration and Compliance Budget 2022-2023

Each year, the Board must approve a budget. This portion of the budget focuses on the General Administration and Compliance portions of the APPB budget.

The Executive Committee recommended that the Board approve the 2022-2023 General Administration and Compliance Budget.

G&A	-	\$ 482,800
Compliance	-	\$ 925,000
Reserve	-	\$ 800,000
Other Contractors	-	\$ 306,000

TOTAL: \$2,513,800

After discussion, Mr. Hamilton made motion to approve the General Administration and Compliance Budget, 2022-2023, which was approved by a vote of the Board.

APPB Financial Committee Actions

Compliance and Consent Items

Mr. Salopek asked Ms. Ralls to present the approval of Line-Item transfers with oversight by the Chairwoman and presented the approval of the Financial Committee to approve

contractors for Financial related activities and that the Board approve the Financial Committee to approve an RFP for auditing of APPB financials. Mr. Adams made a motion to approve as presented, which was approved by a vote of the Board.

2022-2023 Financial Committee Budget

Each year, the Board must approve a budget. This portion of the budget focuses on the Financial Committee portions of the APPB budget.

Fishhook	-	\$ 65,000
Travel	-	\$ 25,000
Audit Financial G/A Compliance)	-	\$ 35,000 (portion included in

TOTAL: \$90,000

Mr. Hamilton made the motion to approve the 2022-2023 Financial Committee Budget, which was approved by a vote of the Board.

Finance Committee Charter

The Finance Committee shall assist the American Pecan Promotion and Research Board in fulfilling its oversight responsibilities with respect to reviewing and monitoring spending policy for the board consistent with the APPB's long term goals; and reviewing and monitoring the boards budget, including marketing program and research and promotion appropriations and capital spending.

The committee shall:

- Review and make recommendations to the board with respect to long range financial planning.
- Review and make recommendations to the board on spending policy and budgets consistent with long range program needs and financial planning, considering marketing performance, economic conditions and other factors that may have an impact on long term financial sustainability.
- Make recommendations to the board on appropriations and expenditures consistent with approved spending

- policy.
- Monitor spending against approved committee and expenditures.
 - Review financial aspects of major proposed transactions.
 - Recommend and monitor any corrective actions taken to bring the APPB into compliance with financial goals.
 - Review long-term infrastructure needs of the Board, including GAAP and annual audits and compliance.
 - Oversee and review and maintenance of the portal to ensure compliance and collection of assessments.

Mr. Bagley made the motion to approve the Finance Committee Charter, which was approved by a vote of the Board.

APPB Research Committee Actions

Compliance and Consent Items

After discussion, it was recommended by the Research Committee that the Board approve:

- 1) Approval of Line-Item Transfers with Oversight by the Chairman
- 2) Approval of 20-40-40 Rule for Research
- 3) Approval of Research Committee to Approve Contractors for Research Related Activities.

Mr. Hamilton made the motion for approval as presented by the Research Committee that the board approve line-item transfer with oversight by the Chairman, approval of the 20-40-40 Rule of Research and approval of the Research Committee to approve contractors for research related activities, which was approved by a vote of the Board.

2022-2023 Research Committee Budget

The Research Committee recommends that the Board approve the 2022-2023 Research Committee Budget of \$500,000.00. This portion of the budget focuses on the Research Committee portions of the APPB budget. Mr. Bagley made the motion to approve the 2022-2023 Research Committee budget, which was approved by a vote of the Board.

APPB Marketing Committee Actions

Compliance and Consent Items

The Marketing Committee recommended that the Board approve Line-Item transfer with oversight by Chairman and approval of Marketing Committee to hire contractors of Marketing activities. Mr. Hamilton made the motion for approval, which was approved by a vote of the Board.

Marketing Committee Charter

The Charter of the Marketing Committee of the American Pecan Promotion Board states that the committee shall provide guidance to the Board and Staff on marketing and public relations opportunities and initiatives for the primary purpose of increasing the demand for and consumption of pecans. Specifically, the committee shall:

- Research the marketing landscape for pecans by retaining consultants to access and recommend solutions to guide the allocation of the marketing budget.
- Interview and recommend to the Board contractors who can best accomplish the objectives determined by the committee.
- Recommend to the Board an annual marketing budget.
- Request and regularly review updates from contractors and Staff
- Oversee and evaluate the performance of contractors to as to whether it aligns with predetermined objectives.

Mr. Bagley made the motion for approval of the Marketing Committee Charter, which was approved by a vote of the Board.

Marketing Committee Budget 2022-2023

The Marketing Committee recommends the following 2022-2023 Budget for approval:

PR Activities	-	\$3,000,000
Marketing Activities	-	\$2,000,000

Marketing Consulting	-	\$500,000
Travel	-	\$40,000
RFTB Website	-	\$24,000
TOTAL:	-	\$5,564,000

Ms. Arn made the motion for approval of the 2022-2023 Marketing Committee Budget, which was approved by a vote of the Board.

Contractors for Marketing Activities

The Marketing Committee recommended approval to retain the marketing services Weber Shandwick. Mr. Hamilton made the motion for approval of retaining the marketing services of Weber Shandwick, which was approved by a vote of the Board. Additionally, upon further discussion, Mr. Bagley made the motion for approval of allocation \$500,000.00 of Marketing Budget to be utilized for marketing activities in Mexico, which was approved by a vote of the Board.

2022-2023 APPB Budget Action

Based on the Board's discussions today it has been recommended that the Board approve the 2022-2023 FY Budget:

Projected Revenue		
Projected Revenue	Dollars	% of Revenue
22-23 Domestic Crop	\$6,000,000	50%
22-23 Imports	\$2,000,000	17%
Carry Over	\$3,000,000	25%
Past Outstanding	\$1,000,000	8%
TOTAL	\$12,000,000	100%

Projected Expenditures		
Departments	Budget 2022-2023	% of Budget
General Administration	\$482,800	4%
Compliance	\$925,000	8%
Reserve	\$800,000	7%
Other Contractors	\$306,000	3%
Financial	\$90,000	1%
Research	\$500,000	4%
Marketing	\$5,564,000	46%
Contingency (pending outstanding and import collection)	\$3,332,200	28%
TOTAL	\$12,000,000	100%

Mr. Hamilton moved that the 2022-2023 APPB Budget be approved as presented, which was approved by a vote of the Board.

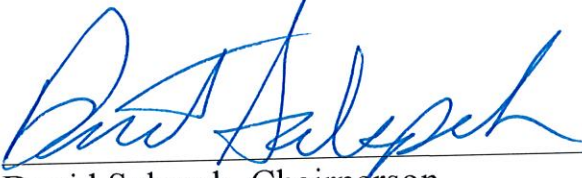
Mr. Salopek called on Ms. Caryl to present the USDA's report. Ms. Caryl updated the Board on the contracting terms with US Customs and Border Protection ("CBP") to collect Importer assessments at the Border. USDA will be meeting with US Customs and Border Protection.

Mr. Salopek adjourn the meeting at 10:11 a.m.

Respectfully submitted,

Deborah Barnett
APPB Operations Manager

Approved after review of the Board and USDA



David Salopek, Chairperson

