



AMERICAN PECAN PROMOTION BOARD

JULY BOARD MEETING

July 11, 2024

MINUTES

I. CALL TO ORDER AND ADMINISTRATIVE REPORTS

The American Pecan Promotion Board (APPB or Board) meeting was called to order by the Chair, Ms. Deborah Walden-Ralls, at 9:03 a.m. Central Time on July 11, 2024. Proper notice of the meeting was confirmed.

A. ROLL CALL

Mr. Paul Quiros conducted the roll call. The following individuals were in attendance:

Board Members Present:

Trent Mason
Paul Quiros
Mike Adams
Larry Don Womack
Deborah Walden-Ralls
Phillip Arnold
Brycen Salopek
Larry Salopek
Romulo Garza
Mark Hamilton
Steve Zaffarano
John Hutchens

APPB Staff Present:

Anne Warden
Serena Schaffner
Emma Garner
Kristi Mosquera
Brandon Drummond
Gabrielle Teixeira
Carl Sanders



USDA Attendees:

Matthew Collins (USDA)

Jennie Varela (USDA)

Additional Attendees:

Mr. Kevin Gross (President, Acquisition Road)

Mr. Tim Hand (Partner, Kinetic 12)

Evo Soria

John Heuler

Justin Jones

Bill Davis

Jared Miller

Kortney Chase

Shannon Ivey

Brent Brinkley

Mike Spradling

Daniel Zedan

Mary Bruorton

Ruben Marquez

Ana Sanchez

Andrew Downie

Ann Chudy

Arsenio Gonzalez

Blair Krebs

Edgar Villalobos

Eduardo Barriot

John White

Marco LeBaron

Roberto Gonzalez Lobo, Plexiz

Karlene Hanf

Nav Athwal

Vada Lucas

A quorum of the members of APPB was confirmed.



B. CHAIR REPORT

Ms. Walden-Ralls extended her appreciation to Board members and guests for their participation. She recognized and expressed gratitude to individuals concluding their terms on the Board and not seeking re-election.

C. APPROVAL OF PREVIOUS MINUTES

Ms. Walden-Ralls called for a motion to approve the Minutes of the previous Board meeting held on February 13, 2024. Mr. Mason moved to approve the Minutes, and Mr. Womack seconded the motion. The Minutes were approved by the Board.

D. CEO UPDATE

Ms. Warden provided an update to the Board on activities following the February meeting. She emphasized the Unified Pecan Promotion Plan (UPPP), which was extensively discussed at the previous Board meeting, outlining its four strategies aimed at enhancing the value of both APPB and APC while fostering industry collaboration. Ms. Warden highlighted efforts with State, Regional, and National associations to bolster these initiatives.

She also noted the successful passage of the APPB referendum and underscored the upcoming initiatives crucial for industry advancement. A key focus area discussed was the transition in marketing strategy from creating awareness to driving sales. This strategy was shown in APPB's recent retail campaign which was launched in only two months. Ms. Warden also emphasized the importance of Pecan's nutritional messaging and outlined APPB's efforts to enhance communication, including the introduction of a new research library on the website and updates to resources featuring current messaging.

Ms. Warden also updated the Board on the commencement of a marketing campaign in Mexico, involving the placement of Pecans in 90 Soriana stores. She addressed financial management measures within APPB, including the implementation of handler compliance audits to ensure adherence to regulations and assessments.

Ms. Warden also discussed avenues to expand Pecans' footprint in the food service sector. Consultants Kevin Gross and Tim Hand were introduced to the Board and shared insights into this sector, including their objectives, strategies, and initial findings on emerging trends influencing the integration of Pecans into food service channels.

E. USDA UPDATE

Mr. Collins congratulated the industry on the passage of the referendum. He expressed that it has been a pleasure to watch APPB grow and indicated there were no further updates.

II. COMMITTEE REPORTS

A. EXECUTIVE COMMITTEE REPORT



Ms. Warden provided an update regarding importer assessment reimbursements. She reminded the Board that APPB had put a provisional process in place in December and in February determined the Board would wait until a full fiscal year had been completed before recommending to the Board any changes to processing the reimbursements or exemptions for assessments. Ms. Warden informed the Board that the office has received many requests since the February 2024 Board meeting. She acknowledged that the document verification has been exceptionally difficult and time-consuming. She informed the Board of the documentation from the producers and importers that the APPB staff is requesting for the reimbursements and exemptions. Ms. Warden discussed the current process being used by the APPB staff and invited Board members to contact staff with any suggestions.

Ms. Walden-Ralls acknowledged that the Board is still in its formative stages and is developing its policies regarding reimbursements and exemptions. She emphasized the importance of thoroughly considering all variables before finalizing them, due to the complexities involved in pecan transfers. Mr. Collins acknowledged other boards are running into the same issues with re-importation. He encouraged, with the passing of the referendum, the Board consider changes to the Order once final policies are confirmed.

Ms. Warden asked for additional input on matters regarding importer reimbursements from the Board. She stated these matters would be addressed in detail during the executive session.

Ms. Warden proceeded to update the Board that compliance audits are underway. Staff will update the Board on the auditor's progress in upcoming Board meetings.

Ms. Warden provided an overview of the proposed APPB contracting policy, which was recommended by the Executive Committee for full Board approval. She noted the Contracting Policy was drafted in response to findings from the USDA management review.

Ms. Warden discussed opportunities for collaboration between the APPB and the American Pecan Council (APC) through a formal agreement aimed at enhancing efficiency and minimizing duplication, thereby advancing investments for both organizations. She suggested the Board establish a joint task force to thoroughly assess potential Memoranda of Understanding (MOUs) for these purposes. This task force would involve the Executive Committee of the APPB and include representatives from the APC's Governance Committee. After consultation with USDA and legal advisors, their findings and recommendations would then be presented to the full Board.

Mr. Womack made a motion for the Board to develop a joint task force to evaluate a formal MOU between APPB and APC. Mr. Brycen Salopek seconded the motion, and the Board approved.



B. FINANCE COMMITTEE REPORT

Mr. Womack formally introduced Brandon Drummond, the Director of Finance at APPB.

Mr. Drummond updated the Board on the progress of the financial audit of APPB, indicating that it is nearing completion. He mentioned a key component of the audit involves sending accounts receivable confirmation letters to ensure APPB's records align with those of first handlers and importers. He noted delays have occurred due to the reconciliation of accounts receivable, the assessment of GASB 96 accounting changes, and the additional reviews required because APPB is a new client.

Mr. Drummond provided an overview of the May 2024 financial statements with the Board. Ms. Warden noted the financial statements will not be approved at the Board meeting due to delays on Customs and Border Protection (Customs) reporting. Customs began collecting in November and in the first few months there were discrepancies in the monthly data sets received by Customs and the assessments deposited into APPB's bank account.

Mr. Collins acknowledged similar discrepancies with Customs affecting other Boards'. However, he noted Customs has since resolved these issues. The Board Members asked questions about these issues. Mr. Drummond acknowledged that APPB determined Customs was under collecting and therefore it is listed as an accounts receivable on APPB books.

Mr. Drummond reviewed the revised FY'24 budget with the Board, highlighting the reallocation of unused program expense funds to cover USDA charges for project expenditures. He stated that the Finance Committee's recommendation is to approve the revised FY'24 budget.

Mr. Drummond also informed the Board that, due to the APPB referendum passing, the cash reserve requirements will no longer be required. The Finance Committee recommended the Board utilize \$3 million from the cash reserve to fund additional programming in the FY'25 and later years' budgets.

Mr. Drummond reviewed the details of the proposed FY'25 budget. The Board and the staff discussed items related to the proposed FY'25 budget.

C. RESEARCH COMMITTEE REPORT

Mr. Arnold commended Ms. Schaffner for updating the Pecan research library.

Ms. Schaffner reviewed updates to the EatPecans.com Research Library that was recreated to house more than 200+ research articles that are easy to search and filter, and importantly, includes a summary of each study.



APPB has also created a new health benefits fact sheet that also offers recipe inspiration that can be used by industry. The new resource is also under review by the American Heart Association to increase credibility.

In addition, APPB conducted health professional focus groups and surveys to determine health benefit categories of interest and the most effective messaging options. Results from the surveys showed a simple message packed with many nutritional health benefits is the most effective.

Ms. Schaffner then reviewed the Science Research Pipeline workstream. Ms. Schaffner first discussed two recently completed studies; “The Ability of Pecan Consumption to Improve Vascular Function and Reduce Chronic Disease Risk in Aging Adults,” conducted by the University of Georgia and “A Randomized Two Condition, Crossover Trial Assessing Appetite, Energy Metabolism, Blood Biomarker and Ad Libitum Food Intake Responses to a Mid-Morning Pecan Snack vs an Equicaloric High Carbohydrate Savory Snack in Healthy Volunteers with Overweight/Obesity,” conducted by the University of Colorado.

Ms. Schaffner noted an RFP was shared with the nutrition science community, and the Board received 18 proposals. The Board used an independent third-party scientific reviewer using a set of criteria to narrow the proposals down to five.

Ms. Schaffner reviewed the FY’25 preliminary budget for the Research Committee with the Board. She discussed the committees’ recommendation to continue to fuel the scientific pipeline with potential directed studies on health conditions such as diabetes. Staff also recommends continuing to invest in health professional outreach and media outreach along with research and science communications.

D. MARKETING COMMITTEE REPORT

Mr. Adams asked Ms. Schaffner to present updates from the Marketing Committee. Ms. Schaffner reviewed the FY24 Q2-Q4 efforts, which included an emphasis on using the natural nutrition of pecans to drive purchase considerations for everyday eating occasions. Ms. Schaffner reiterated the strategy in marketing is to lead with a healthy snacking focus and narrow the targets, which will result in an efficient marketing spend. She discussed the recalibration of partnerships, emphasizing more health-focused partners vs. only those in the culinary field.

Ms. Schaffner review the Q2 wellness results from Weber, emphasizing the shift to retail with initiatives such as Instacart and health media outreach. She informed that Board the marketing efforts to emphasize Pecan health benefits and snacking by intercepting consumer shopping experience online through avenues like Instacart and Chicory.



Ms. Schaffner reviewed the marketing campaign in Mexico – “El Poder De La Nuez” – designed to promote consumption of Pecans in Mexico and increase awareness of nutritional benefits, flavor and versatility. She discussed the channels to reach consumers, such as 90 Soriana stores, media interviews, a website and Google ads.

Ms. Schaffner reviewed the new domestic campaign, “Surprisingly Snackable Pecans,” which focuses on retail channels. Ms. Schaffner provided an overview of the measurement methodology through diagnostic KPIs, lift studies by platform, comprehensive brand lift study, and sales.

Ms. Schaffner reviewed the proposed FY’25 marketing budget, which recommends a continued focus on shopper marketing and partnerships, digital ecosystem inclusive of website, social media channels and influencer work, health professional outreach and measurement and analytics.

III. OLD BUSINESS

The Board reviewed the compiled financial statements for May 2024.

Mr. Drummond reviewed the FY’24 revised budget approval recommended by the Finance Committee. Mr. Arnold motioned that the Board approve revised adjustments to the FY’24 budget. Mr. Womack seconded the motion, and the Board approved.

IV. NEW BUSINESS

Ms. Warden presented an overview of the consent agenda items, which included: approving no-cost extensions of vendor contracts with oversight by the Chair, approving line-item budget transfers with oversight from the Chair, and authorizing committees to select and engage with contractors/vendors to execute programs within their jurisdiction which were recommended by the Executive Committee to the Board for approval.

Mr. Quiros moved to approve the three consent agenda items. The motion was seconded by Mr. Brycen Salopek and was approved by the Board.

Ms. Warden then reviewed the proposed APPB Contracting Policy, which is required by the USDA for compliance and approval. Mr. Brycen Salopek moved to approve the APPB Contracting Policy. The motion was seconded by Mr. Mason and was approved by the Board.

Ms. Warden presented the proposed FY’25 budget. Mr. Womack moved that the Board approve the proposed FY’25 budget with the inclusion of these reserve funds. The motion was seconded by Mr. Arnold and was approved by the Board.



The Board meeting was temporarily adjourned so that the Board could go into Executive Session.

V. EXECUTIVE SESSION

The Board met in Executive Session.

VI. ADJOURNMENT

The Board continued the Meeting and the Meeting was adjourned by the Board at 11:30 AM CT.

Respectfully submitted,

Paul A. Quiros, Secretary

Approved after review of the Board and USDA:

Deborah Walden-Ralls, Chair