



AMERICAN PECAN PROMOTION BOARD

OCTOBER BOARD MEETING

October 22, 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 10:01 a.m. Central Time on October 22, 2024, after proper notice of the meeting was given.

A. ROLL CALL

Ms. Emma Garner conducted the roll call. The following individuals were in attendance:

Board Members Present:

Deborah Walden-Ralls

Trent Mason

Paul Quiros

Molly Willis

Mike Adams

Larry Don Womack

Phillip Arnold

Brycen Salopek

Larry Salopek

Sally Arn

Brittan Bagley

Romulo Garza

Mark Hamilton

Steve Zaffarano

Guillermo Humphrey

John Hutchens

APPB Staff Present:

Anne Warden

Serena Schaffner

Carl Sanders

Joy Glass

Emma Garner

Kristi Mosquera

Brandon Drummond

Gabrielle Teixeira



USDA Attendees:

Matthew Collins (USDA)

Additional Attendees:

Kevin Randolph, Eide Bailly

Nav Athwal

Catherine Clark, Pecan South

Mary Bruorton, GPGA

John White, WPGA

Matthew Bailey

Roberto Gonzalez Lobo, Plexiz

Brandon Harrell

Chris Wallace

Kortney Chase

Noah Ferguson

Maggie Pepper, Armstrong Backus

Ashlei Lewis, Armstrong Backus

John Heuler

Kelly Birch

Shay Wagner

Stephen Norman

Shannon Ivey

Lalo Medina

Arsenio Gonzalez

A quorum of the members of APPB was confirmed.

B. CHAIR REPORT

Ms. Walden-Ralls expressed her appreciation to all participants for joining the Zoom meeting. She acknowledged that appointments from the USDA are still pending and thanked everyone for their time and participation. Additionally, she highlighted the significant progress the organization has made over the past 12 months.

C. CEO UPDATE

Ms. Warden provided the Board with an update on activities following the July 11, 2024, Board meeting. She noted that October 22 marked National Nut Day. Ms. Warden acknowledged that the USDA appointments have not yet been received and the current Board members remain in their office until the Secretary of Agriculture appoints their successors. She expressed appreciation for their continued commitment of time and service. She further noted that while the new members have not yet been inducted, the upcoming meeting would focus on updating



the Board on the impact the APPB is making through its programs and initiatives, especially as the industry enters the harvest season. The purpose of this presentation is to demonstrate how industry funds are being effectively utilized.

Ms. Warden noted that the meeting would include highlights on the North American marketing programs in the U.S. and Mexico, a review of the FY23 financial audit, and committee reports from the Committee Chairs on the activities and initiatives within each area.

Ms. Warden highlighted three key themes that would be emphasized throughout the meeting: First, she discussed the Unified Pecan Promotion Plan (UPPP) as a comprehensive marketing plan aimed at supporting pecan sales and maintaining strong market prices. The UPPP serves as an industry-wide blueprint, ensuring that every dollar spent on behalf of the industry has a measurable impact. Ms. Warden emphasized that the UPPP guides the APPB's efforts and provides transparency on strategies to promote higher pecan prices. Secondly, she stressed the importance of demonstrating clear ROI from the programs. Ms. Warden noted that success should be measured by increased pecan sales and by attracting new and more frequent buyers, reflecting the programs' effectiveness in generating tangible outcomes. Lastly, Ms. Warden underscored the importance of unity within the industry. She highlighted the APPB's commitment to fostering collaboration and working together with state and regional associations to ensure every grower's voice is heard and represented. She also mentioned the initiative to strengthen relationships and deepen the services provided to the industry, emphasizing a "ground-up" approach to becoming a resource for all parties involved in pecan sales.

Ms. Warden further mentioned the exploration of a new innovation fund aimed at stimulating the development of new pecan products, underscoring the ongoing efforts to invest in the industry and its commercial customers. She reiterated the importance of working closely with industry associations to market pecans locally and ensure broad industry support.

Lastly, Ms. Warden acknowledged that while the U.S. and Mexico marketing programs are designed for quick, impactful marketing wins, the long-term growth everyone is striving for will take time, a process for which these initiatives are specifically designed.

Ms. Warden then turned the meeting over to Ms. Schaffner to present the key marketing and research highlights and initiatives.

Ms. Schaffner emphasized the critical role of the UPPP (Unified Pecan Promotion Program), which serves as the foundational framework for guiding all APPB initiatives. She highlighted three key updates for discussion: enhancing the perceived value of pecans through nutrition, expanding demand by creating new consumption occasions beyond traditional uses like pies, and improving industry marketing efforts by incorporating feedback from stakeholders.



Ms. Schaffner provided an update on the work of the Research Committee, noting the launch of a Request for Proposals (RFP) to conduct five new research studies focused on cardiovascular health, cognition, and diabetes. She also shared insights from efforts to engage health professionals, including the development of educational materials such as fact sheets on the nutritional benefits of pecans. Research indicated that health professionals were 42% more likely to recommend pecans due to the efforts of the APPB. She emphasized the positive impact of targeting consumers through health professionals as part of the broader marketing strategy.

In addition, Ms. Schaffner reported that APPB is collaborating with the USDA to develop new health messages that align with consumer values, ensuring that industry stakeholders can effectively leverage these messages in their marketing.

Turning to the Marketing Committee, Ms. Schaffner outlined the committee's work in shaping the strategic direction of APPB's initiatives to generate demand for pecans among consumers and drive actual sales. She presented the results of the first in-store retail promotion, conducted through registered dietitian programs at Fareway, Redner's, Giant, and Soriana. The promotion resulted in a 17% average lift in sales year-over-year, a 27% average lift in units sold, and expanded to 90+ stores in Mexico. Plans for further expansion in FY'25 include additional in-store promotions at HEB. Ms. Schaffner also highlighted the positive outcomes from investments in e-commerce, where the average return on investment ranged from \$2-4 per channel. Notably, one-quarter of customers targeted through e-commerce were new purchasers, reinforcing the strategy to increase frequency of pecan purchases beyond the holiday season.

Furthermore, Ms. Schaffner noted the exciting launch of a new official partnership with Mars for the holiday season, which will help further promote pecans.

Ms. Schaffner also discussed the industry readiness services being developed by APPB, including five webinars on topics such as marketing, consumer research, and quality. Additionally, four new nutrition fact sheets are being created: Putting the "Nut" in Nutrition, Nutrition Research Overview, Pecans and Heart Health, and Pecans and Diabetes. She emphasized the importance of the quarterly industry organizational meetings to gather feedback and ensure that efforts are aligned and not duplicative. APPB also plans to refresh the EatPecans.com website to improve the industry experience and provide consumers with a more seamless way to purchase pecans. An update on this initiative will be provided once the project is underway.

In conclusion, Ms. Schaffner outlined the upcoming plans for the first through third quarters of the year, including a Q2 marketing campaign called "Snacks-ercise" and a focus on National Pecan Month in Q3. The latter will highlight the story of pecans, their origins, and their health benefits, while continuing the in-store and e-commerce promotions. Ms. Schaffner expressed



gratitude to Mr. Collins of USDA for his assistance in reviewing APPB materials and refining messaging to ensure compelling consumer claims.

D. APPROVAL OF PREVIOUS MINUTES

Ms. Walden-Ralls called for a motion to approve the Minutes of the previous Board meeting held on July 11, 2024. Mr. Brycen Salopek moved to approve the Minutes, and Mr. Garza seconded the motion. The Minutes were approved by the Board.

E. USDA UPDATE

Mr. Collins informed the Board that the nomination package for the elections conducted earlier in the year is presently under review of the Secretary of Agriculture. He noted that the announcement of the election results is expected to be made shortly. Mr. Collins also expressed his gratitude for the opportunity to collaborate with the APPB staff on the development of the nutrition handouts and marketing materials.

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

II. EXECUTIVE SESSION

The Board met in Executive Session.

Upon reconvening in General Session, Ms. Walden-Ralls formally announced the elected officers of the APPB for FY'25, as follows: Ms. Walden-Ralls as Chair, Mr. Mason as Vice-Chair, Mr. Brycen Salopek as Secretary, and Mr. Quiros as Treasurer.

III. COMMITTEE REPORTS

A. EXECUTIVE COMMITTEE REPORT

Ms. Warden provided an update that the Executive Committee further deliberated on the issue of import assessment reimbursements. Due to challenges in linking the necessary documentation to verify exemptions, the Committee agreed to engage the compliance auditing firm, Davis Farr, to conduct an audit of all importers requesting reimbursements. She noted that the audit will review compliance dating back to October 2021 and take into consideration any past due assessments and any eligible exemptions.

Additionally, Ms. Warden noted that the Executive Committee discussed the process for making amendments to the Order, observing that most boards typically review their orders every few years. The Committee has assigned Ms. Walden-Ralls and Mr. Quiros to work with Ms. Warden on drafting an initial proposal, which will be presented to the Board in February.

Finally, Ms. Warden informed the Board that APPB will begin enforcing penalties under the Order for unpaid assessments, following the issuance of a final 90-day notice to all handlers and importers.



B. RESEARCH COMMITTEE REPORT

Mr. Mason, Co-Chair of the Research Committee, provided an update on the Committee's recent activities. He emphasized that research remains a cornerstone of the organization's communications strategy, with the Committee focused on maintaining a robust scientific pipeline to support and strengthen the organization's claims and messaging.

Mr. Mason informed the Board that the Committee had approved five research studies following a competitive Request for Proposals (RFP) process, which attracted submissions from numerous universities and organizations. These studies will focus on critical areas of nutrition, including cardiovascular and metabolic health, anti-aging, cognition, and other relevant topics.

Additionally, Mr. Mason noted that the Committee discussed and approved plans for an industry-wide symposium. The symposium will bring together researchers, academics, and other stakeholders to share the latest findings in pecan-related research, identify existing research gaps, and explore opportunities for collaboration to prevent overlap in efforts.

Mr. Mason also reported that the Committee reviewed preliminary ideas for initiatives designed to foster innovation within the industry and among partners, potentially through funding programs. He explained that APPB staff would continue to develop these ideas in collaboration with the USDA and would present a more detailed proposal to the Committee at the next meeting in February.

C. FINANCE COMMITTEE REPORT

Mr. Womack expressed his appreciation for the assistance provided by Mr. Drummond, Director of Finance, in reviewing the financial figures.

Mr. Drummond informed the Board that the Finance Committee had approved a revision to the FY25 budget, which includes an increase in the Carry Over by \$200,000 to account for unspent nutrition research funds from the FY24 budget. He explained that these funds would be reallocated to Program Expenses.

Additionally, Ms. Warden reported that the Committee had directed APPB staff to collect and analyze proposals aimed at improving the interest earned on APPB's cash reserves. She stated the reserves currently sit in a low yield savings account, and that once the analysis is complete, the Committee will meet to review the proposals and formulate a recommendation for Board approval.

Mr. Drummond also noted that the Committee had scheduled a meeting for October 2024 to review proposals for the next financial audit.



D. MARKETING COMMITTEE REPORT

Mr. Adams acknowledged the Board's focus on marketing initiatives targeting the retail sector. He emphasized that the closer APPB can connect with consumers—the individuals who ultimately purchase the pecans—the more impactful the marketing campaigns will be. Mr. Adams highlighted that this approach is clearly reflected in APPB's current marketing strategies and underscored the importance of continuing to prioritize and expand retail-focused efforts moving forward.

Mr. Adams informed the Board that the Marketing Committee had convened to review the responses to the Request for Proposals (RFP) for the redesign of the APPB website. He then turned the meeting over to Ms. Schaffner for further details.

Ms. Schaffner informed the Board that a total of eight proposals had been received, with three rising to the top as strong candidates. She noted that, after careful consideration, the Marketing Committee selected Rise Interactive to undertake the website redesign, citing their expertise in web design and their ability to enhance search functionality to improve consumer access to the site. Additionally, Ms. Schaffner highlighted that Rise Interactive's proposal included key features aimed at optimizing user experience, including improved navigation and a more efficient pathway to the sales link directly from the homepage. She further emphasized that Rise Interactive would work to make the website more organized, intuitive, and user-friendly.

IV. OLD BUSINESS

The Board reviewed the financial statements for June through August 2024. Mr. Womack motioned that the Board approve the June through August 2024 financial statements. Mr. Adams seconded the motion, and the Board approved.

Mr. Drummond introduced Mr. Randolph from the financial auditing firm Eide Bailly to present an overview of the final FY23 financial audit report to the Board. Mr. Randolph then provided a detailed review of the audit findings. Mr. Womack motioned that the Board approves the financial audit report regarding the Board's financial statements for the year ended September 30, 2023. Mr. Arnold seconded the motion, and the Board approved.

V. NEW BUSINESS

Mr. Drummond presented the proposed revised FY 25 budget noting that In FY 24, \$200,000 was allocated to several multi-year nutrition research projects. However, due to delays in completing the contracts, the funds could not be spent in FY 24. APPB staff requests reallocating those funds to FY 25, and they will be paid out as soon as contracts commence. This expenditure was approved by the Research Committee on October 16, and the revised budget was approved by the Finance Committee on October 18, with a recommendation for approval by the full Board.



Mr. Womack moved that the Board approve the revised FY'25 budget. The motion was seconded by Mr. Hamilton and was approved by the Board.

Ms. Warden noted that APPB staff will inform members once appointments are announced by the Secretary of Agriculture. After the new appointments, Ms. Walden-Ralls would be making committee assignments to the Board Members.

VI. ADJOURNMENT

The Meeting was adjourned by the Board at 11:16 a.m. CT.