

AMERICAN PECAN PROMOTION BOARD

Board Meeting

September 28, 2021

A Board Meeting of the American Pecan Promotion Board (the "Board", "Program" or the "APPB") was called to order by David Salopek, Chairperson of the Board, at 1:35pm CST.

Roll-Call

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

Alex Caryl, (MDD-MARB)
Heather Pichelman, (SCP)
Patty Petrella, (MDD)
Sue Coleman, (MDD-MARB)
Abigail Campos, (MDD-SERB)
Paul Quiros
Mike Adams
Deborah Walden-Ralls
John Turner
David Salopek

Brittan Bagley
Romulo Garza
Mark Hamilton
John Hutchens
Trent Mason
Dennis Hardman
Molly Willis
Jaye Massey
Kortney Chase

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

Approval of Minutes and Memorandum of Board Vote in Lieu of a Meeting

Mr. Salopek asked for comments regarding the Minutes from September 15th, 2021, and the Memorandum of Board Vote in Lieu of a Meeting dated September 24th, 2021. Hearing none and upon motion made by Mr. Mason and vote of the Board the Organizational Meeting Minutes for September 15, 2021, were approved. Further, upon motion made by Mr. Hamilton and a vote of the Board the Memorandum of Board Vote in Lieu of a Meeting dated September 24, 2021, was approved.

New Board Orientation

Mr. Salopek called on Ms. Caryl to continue the New Board Member Orientation that was begun by the USDA on September 15, 2021. Ms. Caryl presented Orientation material to the Board on a number of USDA structural, legal, governance and operational topics applicable to Promotion Programs and answered questions of the

Board pertaining to her presentation. Ms. Caryl agreed to send her presentation to the Board for future reference.

Proposed FY2022 Budget

Mr. Salopek called on Ms. Walden-Ralls to review the proposed APPB budget for the period October 1, 2021, through September 30, 2022 (the "FY2022 Budget"). Ms. Walden-Ralls reviewed the proposed FY2022 Budget for the meeting participants. The Board and USDA participants asked questions and entered into to a discussion of the specifics of the proposed FY2022 Budget.

Industry Notification of Assessments

Mr. Salopek discussed industry newsletter dissemination of assessment information through press releases and letters to First Handlers and Importers.

Update on Incorporation, Bank Accounts and Tax-Exempt Matters

Mr. Salopek updated the Board on OGC's review of the legal engagement for hiring counsel to form the legal entity in Texas and help with certain tax matters. Mr. Quiros and Ms. Caryl commented on the progress of these matters and how they relate to the future opening of the APPB's bank accounts.

Office Space and Forms

Mr. Salopek reviewed the status of the APPB's office space discussions and forms. Ms. Caryl announced the progress to date in OMB's review of the forms. Ms. Caryl and Ms. Petrella answered questions of the Board regarding the forms and Ms. Caryl displayed some of the forms on the meeting screen for participants.

Potential Government Shutdown

Mr. Salopek asked the USDA team to address the ramifications of a potential US Government shutdown. Ms. Caryl addressed this issue and announced that the MDD would not shut down in this event and that there would be no lapse in oversight services.

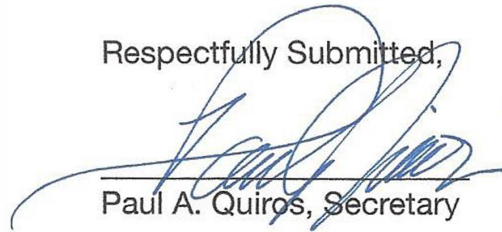
Future Meetings

Mr. Salopek called for the next meeting of the Board to be held on Tuesday, October 12, 2021, at 2:30pm CST. Mr. Salopek also called for a meeting of the Executive Committee on Tuesday, October 12, 2021, at 8:30am CST. Ms. Caryl agreed to provide a Zoom connection for the participants of both meetings.

New Business and Adjournment

Mr. Salopek called for new business. Hearing none, Mr. Salopek asked if there was a motion for Adjournment. Upon motion made for Adjournment by Ms. Walden-Ralls and a vote by the Board, the meeting was adjourned at 2:49pm CST.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Paul A. Quiros", written over a horizontal line.

Paul A. Quiros, Secretary

Approved after review of
the Board and USDA:

A handwritten signature in blue ink, appearing to read "David Salopek", written over a horizontal line.

David Salopek, Chairperson

American Pecan Promotion Board

Memorandum of Board Vote in Lieu of a Meeting

September 24, 2021

Mr. Salopek, Chairperson of the American Pecan Promotion Board (APPB), in accordance with Section 1223.44 (f) of the Final Order, called for a vote of the Board in lieu of a meeting.

The matter that the Chairperson asked the Board to consider was as follows: "Should the Board spend up to \$7,000 to hire Darren Moore of the law firm of Bourland, Wall & Wenzel to assist the Board in: (a) forming a not for profit corporation in Texas, (b) reviewing the bylaws of the APPB in the future for compliance with Texas law, and (c) filing with the Internal Revenue Service (IRS) (1) a request for an Employer Identification Number (EIN) and (2) as a Tax Exempt entity under section 501(c)(1) of the IRS Code?"

The matter was APPROVED by the Board.

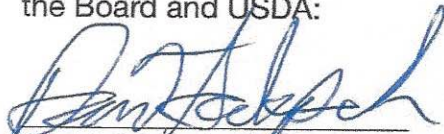
The following Board Members voted to approve the matter as follows: Arn, Bagley, Garza, Hamilton, Mason, Hutchens, Quiros, Hardman, Adams, Willis, Walden-Ralls, Massey, Turner, Salopek & Humphrey. The following Board Members did not vote: Arnold & Chase.

Respectfully submitted,



Paul A. Quiros, Secretary

Approved after review of
the Board and USDA:



David Salopek, Chairperson



Agricultural Marketing Service

Creating Opportunities for American Farmers and Businesses

American Pecan Promotion Board

New Member Orientation
September 28, 2021

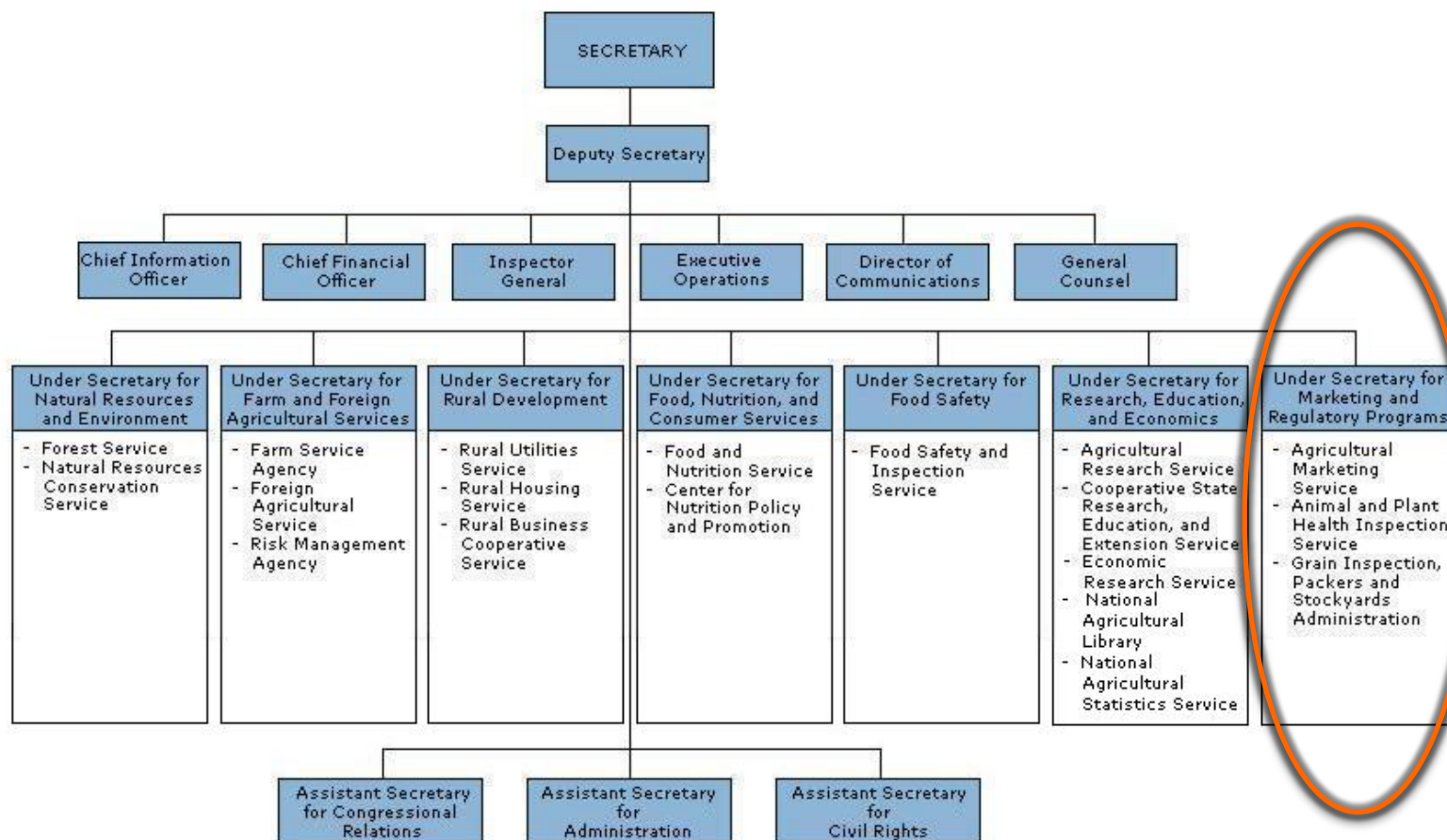
Alexandra Caryl
Agricultural Marketing Specialist



UNITED STATES

DEPARTMENT OF AGRICULTURE

USDA Organizational Chart



Agricultural Marketing Service



milk life

HASS
AVOCADO
BOARD

Dairy
checkoff
works!



National Peanut Board™



incredible!

American Egg Board

Program Implementation

Commodity	2020 Assessments*	Year Implemented	Commodity	2020 Assessments *	Year Implemented
Dairy	\$334.1M	1984	Mangos	\$8.9M	2005
Cotton	\$90.1M	1966	Blueberries	\$10.4M	2000
Fluid Milk	\$90.0M	1993	Honey Packers & Importers	\$6.8	2008
Soybeans	\$84.9M	1991	Sorghum	\$5.4M	2008
Pork	\$77.6M	1986	Mushrooms	\$4.8M	1993
Hass Avocados	\$66.9M	2002	Watermelons	\$3.4M	1990
Beef	\$42.7M	1986	Lamb	\$2.2M	2002
Eggs	\$24.6M	1976	Christmas Tree	\$1.9M	2014
Paper & Packaging	\$23M	2014	Popcorn	\$0.6M	1997
Potatoes	\$14.6M	1972	TOTAL	\$880.5M	
Peanuts	\$9.8M	1999			
Softwood Lumber	\$14.7M	2011			

Guidance Documents

Act

Order

Bylaws

Guidelines for AMS Oversight of Commodity
Research and Promotion Programs

Other Documents/Sources

- FDA
- FTC
- USDA Dietary Guidelines
- USDA Nutritional Database

The Act

The 1996 Generic Act

- Legislative authority from Congress to the Secretary of Agriculture to issue an order for a promotion and research program.
- Framework for the program

The Order

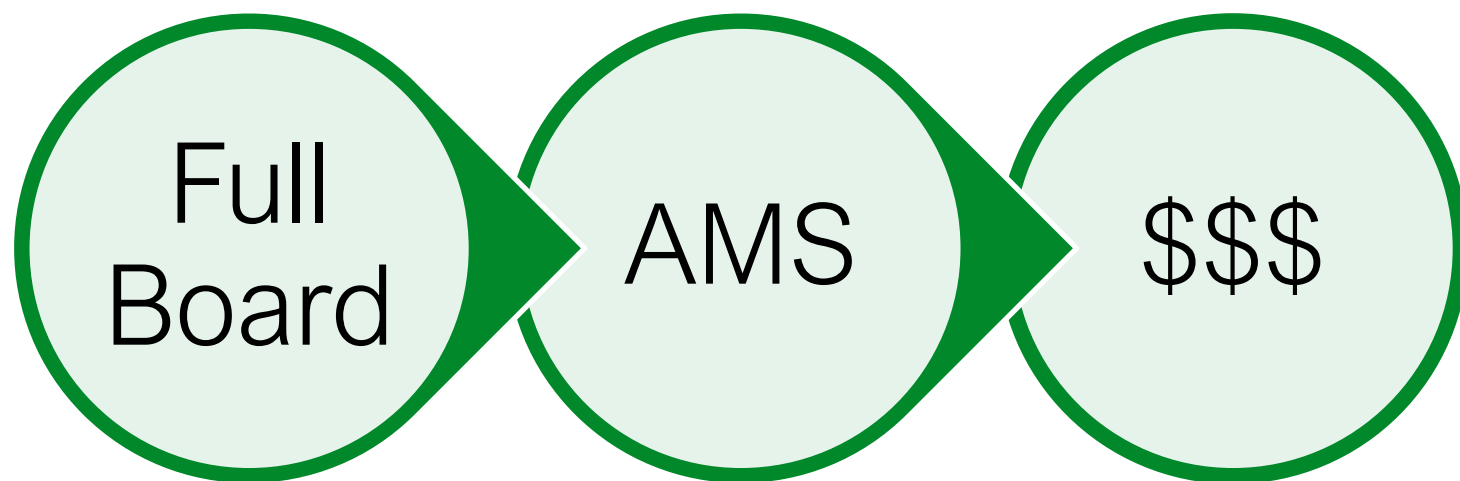
The Pecan Promotion, Research, and Information Order

- Regulations issued by the Secretary of Agriculture which enables the authority provided by the Act
- Allows program to operate

Guidelines for AMS Oversight

- Designed to promote consistency within AMS and among all programs overseen by AMS
- Places requirements on both AMS and programs

Budget Approval



Budgets

- **AMS approval of budget amendments**
- **Budget posted on website**
- **Budget available to public**

Contracts

- **Written contract procedures approved by AMS**
- **Contracting procedures shall include:**
 - Prohibitions on lobbying
 - Sole source contracting
 - Risk clause
- **Contracts must be approved by AMS**

Activities and Expenditures

- **All program activities/expenditures must be in accordance with applicable legislation, regulations, and policies/procedures**
- **Accountable for how funds are spent**
- **Report any fraud or misuse of funds to AMS or Office of Inspector General (800) 424-9121.**

Annual Financial Audits

- **Annually and in accordance with Generally Accepted Government Auditing Standards (GAGAS)**
- **Third party and conducted by a Certified Public Accountant**

Management Reviews

- Management reviews are conducted by AMS to ensure that the program is operating in accordance with all the applicable laws
- Every three years

Independent Evaluations

- Every 5 years, all programs must conduct an independent evaluation of the effectiveness of their promotion programs.
- Evaluation results must be made available to industry stakeholders and AMS
- Evaluation posted on program Website

Influencing Legislation

DEFINITION:

Any attempt to influence any legislation or any attempt to affect the opinions of the general public or any segment thereof concerning legislation; or

Any attempt to influence any legislation through communication with any member or employee of a legislative body or with any government official who may participate in the formulation of legislation.

Influencing Governmental Policy or Action

DEFINITION:

Any action the principal purpose of which is to bring about a change in existing policy or regulation or affect the outcome of proposed policy or regulation, except those action which are specifically provided for in the act, order and/or rules and regulations.

Influencing Legislation and/or Government Policy

Prohibition:

- Applies equally to trade/producer organizations funded wholly or in part by a particular board or contractor to the boards.
- Does NOT apply to trade/producer organizations ability to lobby with non-assessments.
- Does NOT apply to individual board members, except with acting in the official capacity for the board

Does not preclude boards from providing factual information with AMS approval

Promotional and Educational Materials

- AMS reviews and approves all promotional and educational materials
 - X disparaging to another commodity or competitor
 - X false and misleading advertising
- Board materials must be non-political.
- Transition screens or disclaimer statements on websites

Legal Representation

- USDA/Office of General Council (OGC) provides all legal counsel
- AMS will work with USDA/Department of Justice (DOJ) attorneys
- Attend all major board and committee meetings

Board Nominations

- Producers and importers make up the board
- 17 members, 10 producers and 7 importers
- Appointment of board members by Secretary of Agriculture
- Staggered terms of 2,3,4 years
- East, Central, West Regions

Ethics

- Public trust position
- Code of Ethics
- Conflict of Interest Statement needs to be signed and submitted annually

Code of Ethics

- Included in initial email
- Please sign and send to the Secretary and USDA

Public Records

- A Federal record is “...all recorded information, regardless of form or characteristics, **made or received by a Federal agency under Federal law or in connection with the transaction of public business** and preserved or appropriate for preservation by that agency or its legitimate successor as **evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the United States Government** or because of the information value of data in them...”
- (44 U.S.C. 3301, Definition of Records)

FOIA

- Freedom of Information Act (FOIA) provides access to all federal agency records, or portions of those records, except for those records that are protected from disclosure by 9 exemptions
- FOIA requests are made to AMS Headquarters
- Includes personal use requests
- FOIA requests must identify specific records
- AMS will work with programs to respond to FOIA requests

Remember Board Members:

- Appointed by the Secretary of Agriculture and act as a representative of the Board
- Take responsibilities seriously and perform them to the best of their ability
- Make decisions based on what will have a positive impact on the entire industry

Additional Information

<https://www.ams.usda.gov/rules-regulations/research-promotion/pecan>

Questions?