

AMERICAN PECAN PROMOTION BOARD

BOARD MEETING

February 8, 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 2:34pm CST on Tuesday, February 8, 2022.

Participants

Mr. Salopek called on Mr. Quiros to lead a roll-call of the participants and the following persons were present:

Alex Caryl, (MDD-MARB)

Sue Coleman, (MDD-MARB)

Marlene Betts, (MDD)

Mike Adams

Deborah Walden-Ralls

John Turner

Brittan Bagley

Dennis Hardman

Trent Mason

Maggie Pepper

Kortney Chase

Phillip Arnold

Molly Willis

Paul Quiros

David Salopek

Romulo Garza

John Hutchens

Sally Arn

Mark Hamilton

Jaye Massey and Guillermo Humphrey were excused from the meeting. Based on the Board’s attendance, a quorum for the meeting was confirmed.

Also in attendance were public guests Samantha McLeod, Matthew Bailey, Taylor Chalstrom and Miley Adams.

Approval of Minutes

Mr. Salopek asked for comments regarding the Minutes from the January 4, 2022, Board Meeting. Upon motion made by Ms. Walden-Ralls to approve the Minutes, the Board approved the Minutes of the January 4, 2022, Board Meeting.

Collections Update

Mr. Salopek called on Ms. Maggie Pepper, the APPB's representative from Armstrong, Backus & Co., LLP, to update the Board on the assessment collections through January 2022. Ms. Pepper described the assessment collections and the exemption requests received to date, a copy of Ms. Pepper's numerical presentation of collections through January 31, 2022, is attached as Exhibit A. Mr. Salopek thanked Ms. Pepper for the collections presentation.

Portal Construction Discussion

Mr. Salopek called on Ms. Walden-Ralls to review the APPB Portal development. Ms. Walden-Ralls reviewed her recent discussions with representatives of Fishhook and the bid received from Fishhook of approximately \$26,000 for the APPB Portal development.

Bylaws Review and Approval

Mr. Salopek called on Mr. Quiros to review the Bylaws draft distributed to the Board. Mr. Quiros reviewed the Bylaws and various Board members made comments on the Bylaws. After no further comments or questions, Mr. Salopek asked for a motion to approve the Bylaws as presented. Upon motion made by Mr. Hardman to approve the Bylaws, the Board approved the Bylaws.

USDA Update

Mr. Salopek called on Ms. Caryl to present the USDA's report. Ms. Caryl discussed the questions she and Ms. Pepper have received from the letter and forms sent to the Pecan industry. Ms. Caryl also discussed the recent webinar related to relationships in the APPB and the forms, which is recorded for future listeners. Ms. Betts updated the Board on personnel

promotions at the USDA/AMS involving Ms. Coleman and Ms. Caryl. Mr. Salopek raised the issue of engaging US Customs to help the Board make Importer collections. The Board and other participants discussed the issues related to US Customs collecting for the APPB. Ms. Walden-Ralls made a motion to engage US Customs to develop a program to collect assessments for Pecans imported into the United States and spend initially up to \$650,000 to implement this program and up to \$60,000 a year after the initial year of implementation.

Marketing Update

Mr. Salopek called on Ms. Caryl to deliver the Marketing update. Ms. Caryl discussed the state of the contract with Digital Magnet and described some of the terms. Mr. Salopek said that the contract will be timely in another 45 days.

Employment Options

Mr. Salopek described the work of the Board in identifying managers to lead the APPB. Mr. Salopek discussed the possible hiring of Jeff Smutny as the Executive Director of the APPB. The Board and other participants discussed this matter. Mr. Hamilton made a motion to move forward with the employment of Jeff Smutny, subject to his employment release by the American Pecan Council, and to authorize the Executive Committee to negotiate the terms of Mr. Smutny's employment agreement to be presented to the Board for approval. The Board approved this motion.

Budget Amendment

Mr. Salopek described the anticipated expenses of the Board, including increases for Board Travel, Legal costs, Software development for the APPB Portal, USDA Travel costs, and a US Customs assessment collection development fee and annual maintenance costs. After discussion and upon motion made by Mr. Arnold, the APPB Budget was amended as shown on Exhibit B, attached hereto.

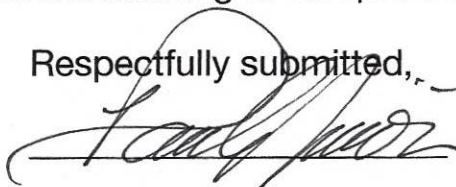
Future Meetings

Mr. Salopek gave notice to the Board of the following Executive Committee and Board meetings: Executive Committee meeting on March 21, 2022; and a Board meeting on March 23, 2022. All meetings to be held at 2:30pm CST.

Old Business, New Business, Public Comment and Adjournment

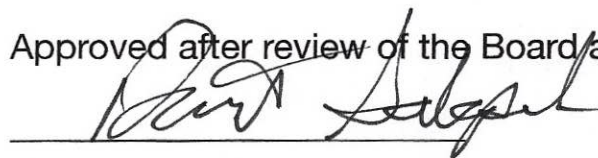
Mr. Salopek called for old business or new business. A question was raised about Board committee appointments but no other old or new business was raised. Mr. Salopek asked for public comment or questions from public meeting guests but there were no comments or questions. Accordingly, Mr. Salopek adjourned the meeting at 4:06pm CST.

Respectfully submitted,



Paul A. Quiros, Secretary

Approved after review of the Board and USDA:



David Salopek, Chairperson

Exhibit A
AMERICAN PECAN PROMOTION BOARD
Assessments Reported
Reported as of 1/31/22

State	Number of Producers	Total Assessments	Shelled Pounds	In Shell Pounds	Zero Pounds Reports	DeMinis Exemption Requested	Organic Exemptions Requested
AL	6	\$ 4,750		237,477			
AR						5	
AZ	6	\$ 28,057		1,402,829			
CA	18	\$ 23,183		1,159,153		3	
GA	167	\$ 659,010	82,800	32,784,886			
LA	8	\$ 21,402		1,070,119		6	
MS						5	
NM	10	\$ 168,996		8,449,795		14	4
OK					3	30	
TX	36	\$ 152,166	509,762	6,588,771		38	
Other	13	\$ 342,116		17,105,806	9	64	
IMPORTS	5	\$ 143,928	1,126,670	4,943,072			
TOTAL	269	\$ 1,543,607	1,719,232	73,741,908	12	165	4

Exhibit B
AMERICAN PECAN PROMOTION BOARD
OPERATING BUDGET
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2022

	Original Budget	Proposed Amendment	Amended Budget
Operating Revenue:			
Assessments Domestic	\$ 6,300,000	\$ -0-	\$ 6,300,000
Assessments Imports	3,120,000	-0-	3,120,000
Contributions	1,000	-0-	1,000
Total Operating Revenue	\$ 9,421,000	\$ -0-	\$ 9,421,000
Program Expenses:			
Promotion	\$ 4,105,000	\$ -0-	\$ 4,105,000
Research	383,000	-0-	383,000
Total Program Expenses	\$ 4,488,000	\$ -0-	\$ 4,488,000
Operating Expenses:			
General Administration:			
Audit Financial	\$ 10,000	\$ -0-	\$ 10,000
Bank Fees	1,000	-0-	1,000
Board Meetings/Travel	1,000	55,000	56,000
Insurance	17,000	-0-	17,000
Legal	7,000	5,000	12,000
Miscellaneous	6,000	-0-	6,000
Office Equipment	10,000	-0-	10,000
One Time Office Set Up Expenditures	10,000	-0-	10,000
Postage/Printing	20,400	-0-	20,400
Rent	2,400	-0-	2,400
Salary - Manager	18,000	-0-	18,000
Salary - Clerk	50,400	-0-	50,400
Salary - Bookkeeper	78,000	-0-	78,000
Software - Fishhook	-0-	100,000	100,000
Supplies	5,100	-0-	5,100
Taxes	6,000	-0-	6,000
Telephone/Mobile/Internet	15,600	-0-	15,600
Third Party Administration	100,000	-0-	100,000
Travel Office	3,000	-0-	3,000
Total General Administration	\$ 360,900	\$ 160,000	\$ 520,900
USDA Expenses:			
USDA Start-Up Fee	\$ 60,000	\$ -0-	\$ 60,000
USDA Travel	-0-	8,000	8,000
USDA User Fee	100,000	-0-	100,000
Collections	100,000	-0-	100,000
Total USDA Charges	\$ 260,000	\$ 8,000	\$ 268,000
Total Operating Expenses	\$ 620,900	\$ 168,000	\$ 788,900
Total Program and Operating Expenses	\$ 5,108,900	\$ 168,000	\$ 5,276,900
Operating Income (Loss)	\$ 4,312,100	\$ 168,000	\$ 4,144,100

**AMERICAN PECAN PROMOTION BOARD
OPERATING BUDGET
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2022**

	Original Budget	Proposed Amendment	Amended Budget
Nonoperating Revenues and Expenses:			
Interest Earned	\$ 100	\$ -0-	\$ 100
Total Nonoperating Revenue	\$ 100	\$ -0-	\$ 100
Change in Net Position	\$ 4,312,200	\$ 168,000	\$ 4,480,200