



## **The American Pecan Council – Phone Conference Meeting**

### **Meeting Minutes – September 27, 2017**

Phone Council meeting was called to Order by Chairman Adams at 10:37 am CST.

Roll called by Karen Crow

<u>Seat</u>	<u>Member</u>		<u>Alternate</u>	
Eastern Growers	Buck Paulk	Present	Angie S Ellis	Present
	<b>Trent Mason (Secretary)</b>	Present	Randy Hudson	Present
	Molly Willis	Present	Claire Powell	Present
Central Growers	<b>Mike Adams (Chairman)</b>	Present	Jennifer Ivey	Present
	Michael L Spradling	Present	Lalo Medina	Present
		Not Present		Present – seated
	Billy Scott Landgraf	Seated	Mike Montgomery	Unseated
Western Growers	Louie J Salopek	Present	Frank P Salopek	Present
	<b>GL Straley (Treasurer)</b>	Present	Leslie L Daviet, II	Not Present
	Phillip Arnold	Present	John Heuler	Present
Eastern Shellers	Jeff Worn	Present	M. Brandon Harrell	Present
	Lawrence Willson	Present	Kenny Tarver	Not Present
Central Shellers	Daniel J Zedan	Not Present		
	William D York, Jr	Present	Rickey Jones	Present – seated for Dan Zedan
Western Shellers				
	Bruce Caris	Present	Deborah Walden-Ralls	Present
	Sonja Roeder	Present	Blake Houston	Not Present
Accumulator	J. B. Easterlin	Present	Chad Selman	Present
Public	Donna Volz	Present	Ron Hayes	Present

Also present on the call Josh Ayers (USDA CEM), Abigail Campos (USDA), Jennie Varela (USDA), Byron Gossett (APC), Karen Crow (APC), Emma Garner (APC), Mark Henderson, Glenn Honaker, Emily Connor (NPSA), Catherine Clark (Pecan South Magazine), Kevin Ivey (USPGC), Albert Ketching, Samantha McCleod (GPGA), Jim Wascom (TPGA), Paul Quiros (APC Governance Committee, Appointed Member).

Chairman Adams thanked everyone for their participation. Reviewed agenda (attached). Chairman Adams followed up on item from the APC meeting in Ardmore, September 13, 2017, The \$140,000 payment to US Pecan Grower Council was approved in Ardmore. Chairman Adams is requesting staff send a letter with the payment regarding the agreement made on audit stipulations. Chairman Adams asked Byron Gossett (Byron) to send the letter.

**Scott Landgraf joined the call. Unseated Mike Montgomery as the voting member.**

No questions regarding the letter.

Item #3 – Consideration of Engagement Letter of Employment Lawyer: Retaining employment attorney, Leslie Hunt. Their information has been sent to USDA for approval. The Council needs to vote for approval.

Jennie Varela (Jennie) stated the budget as it stands will cover the expense, but would suggest the Council consider placing a cost guidance.

GL Straley (GL) stated the budget covers the expense and the expense would be minimal so no outline would be needed. Jennie wanted to confirm if everyone is familiar with where this cost is on the budget.

Louie Salopek asked where the attorney came from and Chairman Adams stated he researched and found the attorney. Josh Ayers asked if OMB had approved yet, and Jennie Varela brought to his attention that they are voting for engagement and will not move forward until completely approved.

**Scott Landgraf moved to send Leslie Hunt an engagement letter to retaining her services for Texas employment matters; seconded by JB Easterlin. No discussion, vote carried unanimously.**

Jennie Varela reminded the Council that the request for outside counsel that was approved will expire at the end of the year.

**Philip Arnold moved to extend to the 2018 fiscal year engagement with Frank Haines approval from the USDA; seconded by Bruce Caris. No discussion; vote carried unanimously.**

Louie Salopek inquired why do we have two attorneys and Chairman Adams explained that Leslie Hunt specializes in Texas employment while Frank Haines specializes in contracts. Byron added the engagement is not a cost related retainer, but rather an agreement on cost per hour for services provided. JB Easterlin asked if the Leslie Hunt approval is through fiscal year 2018. Jennie Varela confirmed.

Item 4 - Consideration of FY 2018 Budget. The budget being presented today came through the Finance Committee chaired by GL Straley. In the APC meeting in Ardmore, a budget was proposed and feedback from other Committee Chairs was provided on the September 9, 2017 phone conference and all members were present including Trent Mason and Lalo Medina. Byron also contributed to feedback. These are guidelines, but the different committees will still have to account for the expenditures and some items will still require Council approval. GL Straley identified the \$5.9M of the \$6M projection has been received with additional assessments. 2017 assessment is projected at \$6.272M based on 280 million pound crop (20%



native, 80% improved) at an 80% collection rate. GL Straley reviewed the revenue and expenses in summary from how the line items were determined by the Committee and what outside input was provided. The Finance Committee unanimously approved the presented budget. Jeff Worn inquired about changing the 2018 \$5M expense to Weber Shandwick (WS) to make it more generic for marketing. GL Straley stated the proposal from WS, came over an amount the Council felt comfortable with, but their Scope of Work will have to be approved as the scope of work is done. Bruce Caris asked if the budget is flexible through the course of the year if the amounts need to be amended per Council approval. GL Straley confirmed, and Jennie Varela added that as long as the changes do not create an overall increase in expenditures, the USDA will not have to approve the changes. Les Daviet asked if the budget sent on Monday was the same as presented in Ardmore. GL Straley said there were some changes. Les stated he did not receive the email on Monday, but will go back and check. Byron Gossett and Karen Crow stated all agenda items were sent out. Jennie Varela asked for planning purposes, when the Committees will be able to provide a breakdown of their coming year proposals to the Council? Bruce stated the Marketing Committee needs to be redefined as it was established prior to working with WS. Bruce Caris felt two to four weeks should be enough time for them to be able to meet and accomplish this. Chairman Adams identified the structure of how the budget was developed and presented it as a good example of how the Committees should conduct proposals.

**GL Straley moved to approve budget as presented, seconded by Phillip Arnold. No further discussion; vote carried unanimously.**

Item 5 – Consideration of e-Compliance plan. This is from the Compliance Committee. Dan York stated the e-Compliance Plan was approved by USDA and the Compliance Committee has approved. Josh Ayers added the USDA has not done formal approval, but it has been informally approved and he does not foresee any major obstacles for getting it through the formal approval process. Byron stated while in Washington, Vincent Fusaro, Chief Compliance Officer, felt it would be possible to receive approval on time.

**Dan York moved to approve the e-Compliance Plan, seconded by Sonja Roeder. No further discussion; vote carried unanimously.**

Item 6 - Internal Controls Policy. Presented initially at APC meeting in Ardmore. Revisions were made to make it applicable to current and future staff. Removed specific names and added positions, and revised to comply with APC Committee structures. The final being presented is a formal recommendation of the Compliance Committee. Sonja Roeder inquired about a previous discussion about invoicing for assessments. Byron recapped USDA directed not to invoice until assessment rule and forms were approved. Jennie Varela confirmed and added the APC was not setup for invoicing at this time. Bruce Caris asked where the forms were in the

process? Jennie Varela advised comment period is closed and final version is in the channel and USDA will advise when it reaches the Federal Register; one positive comment was received. The second set is under review and will hopefully publish soon. Chairman Adams added that the assessment rule passed, so with or without invoicing, this rule requires compliance unlike previous discussions regarding invoicing. Jennie Varela brought to the Council's attention that in the Cash Receipts and Deposits section that Armstrong, Backus & Co., L.L.P. (ABCo) is listed as a signer due to their services of making deposits. Jennie Varela would like to see this read in a manner that does not make it appear that ABCo. may sign on the APC's behalf. Chairman Adams stated they are listed as signers, and Jennie Varela identified they should not be approved as signers. Josh Ayers inquired if ABCo. will ever be needed to sign. Byron stated they would not be needed and Josh Ayers stated they should be removed. Jennie Varela also brought the approval of expenses section to the Council's attention about the verbiage on who uploads, approves, and then signs. Chairman Adams asked if there should be someone else uploading invoicing other than the Executive Director. Trent Mason asked about the general section if Chairman Adams had considered his email for this. Item G was read and Trent Mason wanted the Council to consider an Ethics Clause for conflict of interest. Jennie Varela stated the USDA does not require recuse, but the Council can. Trent Mason requested this be added. Jennifer Varela and Bruce Caris expressed concerns that there are some instances where each of the Council Members is associated with an organization that would cause insufficient voting members if they abstained. Chairman Adams felt the addition is valid, but needs further review and definition, and it should be considered later. Trent Mason agreed it was appropriate to mention but it needs to be taken up at another time. Chairman Adams added it needed to be precise and warranted further discussion due to the gravity of it.

**Rickey Jones needed to leave the meeting and Deborah Walden-Ralls was seated for Eastern Shellers.**

Jennie Varela brought to the Council's attention in the Approval for Expenses, in the same section, the language does not capture the Executive Director as the signer. Chairman Adams clarified the Executive Director would approve prior to uploading for the Council's approval. Jennie Varela felt it was not how things were done in practice, and asked for Byron to advise. Chairman Adams stated the Council's intent is what was presented. Byron explained they had been doing invoice payments as drafted previously. Josh Ayers shared his interpretation as Executive Director approves invoice, uploads, two officers approve, and then accounting firm will pay. Jennie Varela felt other staff will be uploading, and then Executive Director approves and so-on. Karen Crow (Karen) explained the staff could upload for Executive Director's approval. Karen advised that currently she can upload and Byron Gossett can approve only. Chairman Adams explained the change is that the Executive Director will now approve prior to uploading and then two officers will be required to approve.

Jennie Varela addressed a typo under Collateral Policy under “a” XII should read “funds in excess of \$200.”

**Trent Mason moved to adopt the Internal Controls Policy, with the changes recommended by the USDA, seconded by GL Straley. No discussion; vote carried unanimously.**

Item – Consideration of Marketing Policy. The Reporting and Statistics Committee is presenting for approval.

**Bruce Caris moved to accept the Marketing Policy, seconded by Louie Salopek. No discussion; vote carried unanimously.**

Chairman Adams asked the Marketing Committee to use the current policy and assume the role of reviewing the policy. Bruce Caris accepted the directive. Les Daviet asked for clarification if this policy was for 2017 or 2018. Bruce Caris confirmed it was for 2018 fiscal year from 2017 crop.

Item 8 – Consideration NASS Memorandum of Understanding (MOU).

**Bruce Caris moved to approve the MOU, seconded by Sonja Roeder. No discussion; vote carried unanimously.**

Item 9 – Consideration of Travel Policy Revision. Byron explained it had been discussed that private aircraft travelers should be considered for comparable compensation. Josh Ayers explained they had not been able to sign off on this request and did not recommend the Council approve at this time, as he foresees some changes will be made. Josh Ayers will push for USDA approval before the next in-person meeting. Louie Salopek was concerned about the timeframe for reimbursement. Byron explained the 30-day rule and encouraged all Council members file their expense reports timely. Jennie Varela reminded that the current policy would require the expense be pre-approved. No motion made. Jennie Varela made suggestions on add-ins to the request from USDA. Dan York commented that the verbiage of comparable airline ticket needs to be changed to clarify and define. Josh Ayers is looking at other council marketing orders and how they have addressed this issue and will advise. The importance of optics was identified by Bruce Caris, Chairman Adams and Josh Ayers.

Byron updated the Council on Collateralization. Historically the funds have been in one account with minimal returns, and the bank has offered 100 basis points, rather than the current 15 basis points for interest income.

**No new business.**



Jennie Varela requested next meeting date. Chairman Adams advised the next few months will be busy for all. Louie Salopek suggested dates. Chairman Adams advised it will be at the beginning of the year, in-person, and possibly one or two conference call meetings.

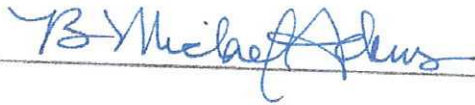
Mike Spradling commended those involved in the Central Immersion Tour.

Karen Crow updated the Council, Discovery Channel will be doing a "How It's Made" episode.

Chairman Adams asked if WS will be involved. Karen Crow advised approvals will be needed prior to WS being involved.

Trent Mason moved to adjourn; seconded by Louie Salopek. No discussion; vote carried unanimously.

Meeting Adjourned 12:09 pm CST



B. Michael Adams  
American Pecan Council, Chairman



Trent Mason  
American Pecan Council, Secretary

Minutes prepared by: Karen Crow