



An open meeting of the American Pecan Council (APC) was called to order by Chairman Mike Adams on Tuesday, January 23, 2018 at 8:06 am in Dallas/Fort Worth, Texas. Trent Mason (Secretary) called role as follows:

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

Also present: Karen Crow | Emma Garner (APC Staff), Doug Freeman | Janice Dees | Kevin Ivey | Brad Ellis (U.S. Pecan Growers Council), Blair Krebs (Texas Pecan Growers Association).

Chairman Mike Adams provided opening words and encouraged the council to conduct themselves such that the council as a whole will be best in class, and emphasized the council's work is going to have a great impact down the road.

Buck Paulk was asked by Chairman Mike Adams to share what he had said during the most recent Eastern Immersion Tour. Buck stated he could not remember specifically all he said, but reinforced Chairman Mike Adam's message regarding the importance of cohesion and forward movement for the future generations. Buck Paulk encouraged all to view the assessment as an investment in the future for our children

Chairman Mike Adams began with the first agenda item, approval of past meeting minutes.

Louie Salopek motioned to accept the meeting minutes from the Frisco, Texas, July 12 & 13, 2018 as presented; seconded by Dan Zedan. No discussion; motion carried unanimously.

G.L. Straley motioned to accept the meeting minutes from the conference call, August 8, 2017 as presented; Scott Landgraf seconded. No discussion; motion carried unanimously.

Dan Zedan motioned to accept the meeting minutes from the Ardmore, Texas meeting, September 13, 2017 as presented; seconded by Lawrence Willson. No discussion; motion carried unanimously.

Sonja Roeder motioned to accept the meeting minutes from the conference call, September 27, 2017 as presented; seconded by Scott Landgraf. No discussion; motion carrier unanimously.

Molly Willis motioned to accept the meeting minutes from the conference call, October 6, 2017 as presented; seconded by Bruce Caris. No discussion; motion carried unanimously.

Dan York motioned to accept the meeting minutes from the conference call, October 13, 2017 as presented; seconded by Dan Zedan. No discussion; motion carried unanimously.

Chairman Mike Adams asked the council for their thoughts on APC Staff attending conferences to represent the American Pecan Council. (APC) Trent Mason suggested the APC be placed on the various conferences' agenda and provide a thirty minute to one hour presentation and not tie the staff to a booth that may not have beneficial traffic. Chairman Mike Adams advised Weber Shandwick has been tasked with being available to speak at the conferences already. Karen Crow added the staff will be required to hold Handler Regulatory & Reporting Course in each region, at association meetings, once the forms are approved. Dan Zedan stated he had discussed with Karen Crow and Emma Garner about using the booth as an educational tool by having the forms available to review at the booth. Louie Salopek stated the booth should be manned by APC staff. Bruce Caris added the council members may need to assist until an Executive Director has been hired. Karen Crow stated NPSA and Western have been confirmed. She will be attending Western, along with Weber Shandwick, and Weber Shandwick will be attending Southeastern. Louie Salopek inquired how the billing will be handled in regards to Weber Shandwick. Karen Crow stated it will be discussed as a scope of work, and had suggested a presentation be built that may be shared potentially by staff. JB Easterlin inquired about a frequently asked questions (FAQ) availability for the industry. Bruce Caris replied that FAQs will be drilled down once the forms are approved. Bruce Caris added the industry is currently looking to the council to know what is happening with the marketing order. This year will be important to have presence to be the best voice to tell them what is ongoing. Karen Crow added staff has a document for dissemination from the calls received based on the most commonly asked question. USDA is currently reviewing the document and it will be disseminated and added to the website. Chairman Mike Adams continued that once an Executive Director has been hired, they will be attending as many industry related venues as feasible. Sonja Roeder asked if it would be one person handling and attending these events. She suggested the attendance and involvement be spread between available council members and staff, and also suggested a sign-up list for them. Mike Spradling identified inconsistency with our, APC, message has the potential of creating a lack of faith in the council from it's

constituents. It will be important any person, at any booth at the conferences are up to date in their knowledge of the what is happening. Chairman Mike Adams circled back to the agenda items.

Louie Salopek asked if Weber Shandwick was obligated to host a booth at each organizational conference. Chairman Mike Adams advised they will be on the schedule for all of them and Karen Crow added staff will be also be present. Chairman Mike Adams advised the discussion was regarding APC member involvement. Chairman Mike Adams entertained a motion that Bruce Caris coordinate APC members' and staff's involvement. Jennifer Ivey inquired if there will be signage at the conferences and expressed the need for cohesion between the marketing and communications committees' efforts. Les Daviet stated it is important to inform the council's constituents of the council's efforts and progress. He continued that the regional meetings are important for delivering this communication. Jennifer Ivey stated the presence did not need to be a formal presentation with Q&A.

Bruce Caris motioned for himself, Mike Spradling, and Jennifer Ivey work with staff and council members for scheduled presence at the upcoming conferences; Larry Willson seconded. No discussion; motioned carried unanimously.

Next agenda item, vacancies on the council. Chairman Mike Adams advised the official vacancy is for the large sheller in the eastern region. Chairman Mike Adams noted Brandon Harrell will be submitting a letter of resignation, leaving the alternate position for the large sheller in the eastern region open. He continued another challenge is the pool of candidates in the sheller position is small. These positions will need to be filled, and this is to make the council aware of the vacancies. Les Daviet asked if there is a difference between the primary and alternate recommendation? Chairman Mike Adams advised they are elected for the specific position and the alternate is only seated during the absence of the primary member. Mike Spradling asked what the process was for members who do not actively participate? Chairman Mike Adams advised there is not a procedure in the rules. Chairman Mike Adams said Karen Crow will review the code of conduct section and advise at a later time if it is addressed there. Dan York suggested asking the non-participant for a letter of resignation. Lalo Medina emphasized the value of members present and the focus should be moving forward. Chairman Mike Adams moved to the staff's report.

Karen Crow reported on assessment collections for the 2016-2017 Crop Year and the 2017-2018 Crop Year.

Chairman Mike Adams moved to the next agenda item, APC Travel Policy revisions. Karen Crow updated the intent is to change the 30 day reimbursement timeframe to 90 days to allow members adequate time to submit their expenses. Karen Crow emphasized the council's need to address the use of private aircraft and the pre-approval process. If a member is using a private aircraft to attend meetings or council functions, it must be pre-approved by submitting two forms of verification and a mileage calculator. Karen Crow added group travel on private aircraft is being developed, but will be reimbursed to the owner or contractor of the private aircraft. Lalo Medina expressed concern in the impression reimbursement for a private plane

may leave on the industry who has entrusted their dollars to the Council. Louie Salopek responded it would be different if everyone on the council were taking private planes. Chairman Mike Adams identified the issue had not been casually addressed and the change was discussed at length by the Governance Committee. The addendum to the Travel Policy, as part of the APC Bylaws will address the use of private planes in a reasonable manner and will be compliant with USDA standards.

Dan York motioned the amendment to the Travel Policy regarding the process for reimbursement of private aircraft use as presented (ATTACH); seconded by Louie Salopek. Mike Spradling asked if the reimbursement is based on the lowest commercial airfares, and Bruce Caris answered it is based on economy fare, or SkyMiles, as in the least expensive commercial airline ticket. Randy Hudson asked who submits if a group of members decide to contract a plane together. Chairman Mike Adams advised each individual is responsible for reporting their own expenses. No further discussion; motion carried unanimously.

Karen Crow advised the Nutritional Brochure sent to the council was the first collateral piece for the APC. A minimum order was made before the heart checkmark was added, and they are available. The heart checkmark is now approved. Karen Crow continued that she or Emma Garner may be emailed directly, or a request may be sent to info@americanpecan.com. Anyone can go on the website now and download the Nutritional Brochure. Chairman Mike Adams advised orders of 5,000 or 10,000 can be ordered at the individual's own expense. John Heuler stated he has been distributing the Nutritional Brochure and has received excellent feedback. John Heuler said some of the comments have been this is the only nutritional literature with an appealing look. As representatives of the industry, it is the council's job to get these Nutritional Brochures out to the industry in each region. Angie Ellis asked if the Nutritional Brochures will be included in the packets to be sent out. Karen Crow welcomed the suggestion and added there would be plenty to accomplish this and staff, along with Weber Shandwick would make sure the Nutritional Brochures are available at the APC booth for all industry conferences.

Chairman Mike Adams moved to the next agenda item; update on staff and the home office. Chairman Mike Adams advised as the result of several meetings, Karen Crow will be the interim Executive Director. Scott Landgraf advised he had begun communication with Karen Crow in December. Scott Landgraf continued Karen Crow's responsibility was lofty and many may not have expected all she believed it entailed. There will be a meeting with Karen Crow tomorrow to answer final questions on the direction the council is going. Karen Crow is stretched with all the responsibility she is assuming now. A copy of her job description is available to anyone requesting same. Karen Crow accepted Scott Landgraf's request to include Phillip Arnold, Molly Willis, and Trent Mason to their meeting. Chairman Mike Adams identified Karen Crow was not applying for the Executive Director position despite having the ability and qualifications. Karen Crow does have the discretion to add clerical and/or accounting staff as needed. Dan Zedan complimented Emma Garner and Karen Crow for their work and commitment and suggested hiring one to two full-time personnel to aid in data collection.

Moving to the next agenda item, Mike Spradling provided an update on the recent survey efforts. The survey was designed for feedback from council members. Mike Spradling encouraged those who had not yet participated, to do so. He stated there was only a 30% response rate initially, and 90% by the end. The survey was designed to capture the council's feeling on its direction, accomplishments, and things needing improvement. Due to the low response rate in the beginning, the results of the survey are being withheld to ensure those still needing to complete are not swayed in their responses. Mike Spradling pleaded with the council to complete the survey and to provide their genuine opinions. Randy Hudson expressed a current evaluation may be disturbing and capture such significant needs for additional growth, but 12 months from now the growth that may be seen may be significant as a result of the survey. Mike Spradling expressed his gratitude for sincere and honest feedback. The intent is to establish guidance and a temperature of the council's state and future. Trent Mason stated he believed some of the set backs occurred due to USDA limitations and delays, making strides forward difficult for APC. Mike Spradling agreed it was likely a shared sentiment, and while the council may not get through the set backs, the council may be able to establish a manner to move forward differently. Louie Salopek identified we have moved forward, but agreed it is not how the council collectively had aspired to do. Trent Mason added that constituents feel these are excuses and are becoming frustrated. Mike Spradling encouraged the council that USDA hold backs are not excuses, but simply the reason. Bruce Caris expressed an addition to the survey would be a gauge of the council disseminating important information to constituents, so the feedback can be provided to staff. He summarized adding to the survey what information is needed, or needed more of. Ron Hayes stated there have been great strides that should be capitalized on when speaking to the industry. He also encouraged the council to be informed and engaged timely to be prepared for voting. Mike Spradling closed with criticism is as imperative as the pats on the back, and the Communications Committee wants all of the feedback on how to improve.

Chairman Mike Adams stated a retreat would be best suited once the Executive Director has been hired, and once the council has taken a few more steps to a full takeoff. Efforts in finding an Executive Director is ongoing. Mike Adams expressed his belief in the importance of the survey and evaluation of its results. Sonja Roeder highlighted many of the struggles, although stated before, come down to communication. She continued, communication will resolve with communication. There are a lot of unresolved items, but communicating what is happening and where the council stands and why it will help. Chairman Mike Adams encouraged the work the council is doing and the presentations being given are shared, and they will reflect the positive successes. Sonja Roeder expressed she does not believe the industry knows and has been communicated to on the accomplishments the council has made and where items stand that are being worked on enough to combat an idea the council is just meeting in different places not doing anything. Karen Crow advised the website is updated frequently and suggested council members utilize the website, so they can guide their constituents to the website to be the source of information on the council's progress and to keep the delivery of information consistent and delivering the same message. Sonja Roeder identified the website is more of a final point of what has been accomplished, but fails to capture the works in progress. Sonja Roeder continued that as a council member she feels uninformed as well. Chairman Mike Adams shared biweekly reports from staff will address some of Sonja Roeder's concerns regarding the council and communication. Karen Crow addressed the lack of staff currently in the APC office has contributed to information being disseminated. Dan Zedan identified his frustrations in the misinformation being provided by persons who are completely unknowledgeable of the industry, and not allowing the staff to answer repeated questions accurately. Jennifer Ivey stated she

believed there should be a middle ground and that a summary of every meeting should be provided on the website to facilitate communication. Jennifer stated the task of communicating needs to be done by the Communications Committee, and not staff, as the committee knows what is being done and how to communicate it. Jennifer stated she felt it should be the committee who sends newsletters and communication to USDA, have it approved, and get it posted. Jennifer Ivey stated these are not obstacles, but the way the game is played. Sonja Roeder added her understanding of short staff, but expressed the committees exist to do the work and need to do so. The Communications Committee is prepared to get communication written and disseminated and it should not wait for staff. The council needs not to put that just on staff. Louie Salopek asked what the traffic has been on the website. Karen Crow stated it is being used largely by consumers. She encouraged the council to utilize the website, register, and become familiar with the website, so they would be better equipped to encourage the industry to do the same. Sonja Roeder suggested the staff provide a list of council members not registered to allow the Communications Committee to assist. Chairman Mike Adams advised Weber Shandwick will be presenting this afternoon and this would be an opportunity for the council to ask what and how they are communicating. John Hueler suggested communication that is not an official form should be shared and if it is contrary to USDA approval, we can apologize and adjust, and asked what the penalty would be. Bruce Caris stated it is a good point for later discussion and consideration. Karen Crow advised the council is restricted in sharing certain information, but speaking on behalf of their business and/or company, they have more leeway. Karen Crow stated our USDA team in the Southeast Marketing Field Office has been very supportive and proactive with staff and provide quick turnaround for approvals. Mike Spradling stated that working with USDA is much more effective than working against them.

Chairman Mike Adams provided an update regarding clarification on identifying the handler. Chairman Mike Adams stated that Karen Crow worked with USDA to define and create a chart to assist in clarification of identifying the handler by definition from the FMO. Randy Hudson asked for clarification, if a grower can be a handler? Dan Zedan directed Randy to item 5 on the chart. Chairman Mike Adams asked Mike Spradling to work with Karen Crow to determine how to disseminate these definitions to the industry. Karen Crow advised the chart is on the website under the Handler Portal sub-tab and it will be distributed at all industry conferences and during all Handler Regulatory & Reporting Courses. Dan Zedan pointed out that there cannot be more than one inter-handler transfer. Chairman Mike Adams reminded that the USDA is clear the APC cannot pursue a foreign entity. Further clarification was established with examples of transfers.

Financial Statement for December 2017 was presented by treasurer, G.L. Straley. There are multiple accounts to ensure insurance coverage according to FDIC. The interest income increase is due to the change in investment strategies. Karen Crow and Emma Garner were contracted employees until the end of December and have now been established as employees of the council and are on payroll. Per USDA requirements, the investments have been collateralized. There are some unpaid assessments, and despite this, the \$6M budget has been met, so the council is on track to exceed this. Randy Hudson asked if there was an estimate of what the uncollected assessments will be. G.L. advised he is not privy to who has or has not paid. Bruce Caris reminded of the discussion regarding publicly held handlers who require invoicing. He would suspect these handlers may be part of the unpaid assessments. Lalo Medina asked if the 2016 assessment can be used to acquire a crop estimate. Chairman Mike Adams advised it will be obtainable in aggregate. Karen Crow advised until the forms are official, the volumes are being self-reported. Once the forms are approved, Karen Crow will

confirm what, if any data information may be shared. Randy Hudson asked how invoicing will work. Dan Zedan explained the assessment form will be submitted to staff each month after a baseline is established. Then each month staff will send an invoice based on their submission similarly to the manner established for general nonpayment. Dan Zedan continued the voluntary information cannot be released until the information is mandated by the FMO. Point of order made by Dan Zedan regarding financial report and requested the discussion be continued when discussing forms.

Larry Willson moved to accept the December 2017 Financial Statement as presented; seconded by Phillip Arnold. No discussion; motioned carried unanimously.

Dan York addressed the council regarding a Compliance Committee update. There will be 25%, rather than 33% handler audits this fiscal year and 25% handler visits. Staff will conduct visits and provide training. This will be conducted before an audit when possible. Karen Crow added staff will start with the three regional Handler Regulatory and Reporting Courses. The courses will provide training, and part of compliance will include a presentation and packet from the council. Sonja Roeder asked if presentations can be added other than the 3 scheduled and Karen Crow advised they can be added during this first year, but not in following years. Dan York inquired how it can be ensured a handler has been trained before they are audited. Karen Crow advised APC will work with audit contractor will identify names from attendance list at training courses and the APC known handler list. Dan York advised Moss Adams will be handling the audits. J.B. Easterlin asked if the auditor's travel expenses had been included in the budget number. Dan York confirmed it had. Handlers will be informed and educated how the process will work. Once staff has engaged the audit firm, they will have a clearer picture of how it looks. There is potential for providing a window of time notification, rather than a specific date and time. Bruce Caris added that the guidance from USDA have been the audits should not be burdensome. Dan York also identified the council is well insured and compliant with our Compliance Plan. Deborah Walden-Ralls and Karen Crow further clarified some of the coverage.

BREAK FOR LUNCH

Weber Shandwick Presentation by Sarah Yaffe, Jeff Immel, Caroline Lianio and Alison McMillon. Of note from presentation: April 2018 will be the brand launch where three stories will be told: heritage, taste, and nutrition. Mike Spradling inquired how Weber Shandwick would rank those stories. Sarah Yaffe suggested their impression is nutrition and taste are the messages that resonate and heritage moves people in a specific way. During focus groups in Chicago and Dallas it was revealed nutrition is most impactful, and heritage creates interest in it's being native to America.

Bruce Caris asked what is meant in the presentation by "engagement." Caroline Lainio defined engagement by likes, comments, and shares from media. Additionally, there were 125,000 views/shares during the recent Facebook Live feed from Ellie Krieger during the Georgia Immersion Tour during harvest and the follow-up in her kitchen.

145.22 million impressions have occurred in the last 3 months. Mike Spradling inquired if the locations of those engaging can be tracked. Caroline Lainio advise there was a lot of traction in northern regions, but more specific data can be gathered. John Hueler compared these impressions to the impact of a Super Bowl commercial, and Bruce Caris added that these impressions were accomplished in the pre-launch phase. Philip Arnold asked if this media can

be shared with constituents. WS and staff confirmed. Chairman Mike Adams stated a common question he receives is an inquiry on advertising expenditures and what the industry has to show for it. He continued that for future conversations the council needs to ensure the media exposure relayed to the constituents needs to be seen from an outside source and not fed to them by the council itself. Randy Hudson and Dan York offered that their companies had their best 4th quarter to date in 2017 and that there must have been motivation in the market. Randy Hudson continued by applauding what Weber Shandwick had accomplished in a few short months. Louie Salopek inquired if, and when, the marketing will be on billboards and television, and added he wants something to compete with walnuts. Sarah Yaffe advised television advertisement is costly and Weber Shandwick wants to ensure the best value for the dollar. Currently, social media facets and web sourced marketing reaches a large audience base for far less money. John Heuler added the walnut and pistachio industries are far larger than the pecan industry, and the pecan industry cannot be grown larger to meet a demand if it were doubled. Bruce Caris stated the Marketing Committee is working closely with Weber Shandwick to be sure audience demands and growth are, and will be, addressed as they evolve. Dan Zedan asked is Weber Shandwick's work with U.S. Pecan Grower's Council in Turkey was synced with Weber Shandwick's work with American Pecan Council. Sarah Yaffe stated Weber Shandwick is one agency and one network, but their targeted audiences demand different priorities. Jeff Immel added syncing with them will happen as the pecan brand identity comes to life. Randy Hudson added his colleague noted to him an observation of seeing pecans becoming more in demand and present in his daily experiences. Jeff Immel shared he has a television background and the changes in social media versus television is the interaction. Social media offers the interaction where the audience is allotted an opportunity they desire by being a part of the story. Television is a message delivery where the audience actually receives a message, but not involved. The value of interactions is capitalizing on the audience's desire to be part of the story and to spread the story, which has a great value. Phillip Arnold shared many television viewers have manners of eliminating commercials. Ron Hayes pointed out that many agriculture industries who do have the capital have made conscious choices to leave television and see the value of adjusting and measuring media through the social media medium. Louie Salopek inquired what efforts were being made to combat less expensive tree nuts and to drive people to pecans despite the price. Sarah Yaffe advised traffic and drivers are being evaluated to drive this effort, but we are in the beginning. Lalo Medina asked what the forecast of impressions was 3 months prior. Sarah Yaffe answered the goal was 90 million and Weber Shandwick was pleasantly surprised to reach 145 million. Weber Shandwick is also tracking the message penetration by looking at news mentions in media, controlling social media, and how the message is resonating.

Caroline Lainio continued with upcoming efforts from Weber Shandwick to include new partnerships and this will be major outlets across the country, from Philadelphia, Nashville, Washington DC. Etc. The National Pecan Shellers Association will be announcing soon the publication of the Tufts University research. American Heart Association's (AHA) Heart Month will be front and center that pecans have been officially certified by AHA as heart healthy. Larry Willson asked if the certification is also for pieces. Caroline Lainio advised it is specific to halves, but Weber Shandwick will work to get pieces certified if that is needed. Weber Shandwick is working on a sustainability piece and also a where-to-buy piece, and also on developing the industry side of the website. Weber Shandwick continued their presentation. Dan York inquired about USDA's feedback regarding the brand campaign slogan. Sarah Yaffe answered Weber Shandwick, the APC staff, Bruce Caris and USDA have been working together. Bruce Caris advised of his conversation with Jen Varela of USDA the week prior regarding the multiple documents/presentations Weber Shandwick has presented to support the

campaign/brand. He continued this has come to a point where the Council needs to push USDA and not expect Weber Shandwick or staff to draw the hard line. He added he felt the conversation was very productive with Jen Varela and the Council should see better output from USDA. Jeff Immel finished with addressing the word choice selection of the brand slogan and the use of original, versus native, versus indigenous.

BREAK

Chairman Mike Adams informed the Council, an internal group was needed to oversee the executive director search and they would work with Russell Reynolds, the executive search firm. In addition to the six members of the Governance Committee, the Committee is recommending to add Angie Ellis, Donna Volz, Lalo Medina, and JB Easterlin to the ad hoc executive director search group. Deborah Walden Ralls inquired what the purpose was for adding more members. Mike Adams advised it was to include diversity from the Council and using the expertise these members had to offer.

Bruce Caris moved to add JB Easterlin, Lalo Medina, Angie Ellis, and Donna Volz to the Ad Hoc Executive Director Search Group; seconded by Louie Salopek. No discussion; motion carried unanimously.

Chairman Mike Adams advised Weber Shandwick has requested an Issues Management Team. Alison McMillon advised the team would include APC staff, Chairman & Vice Chairman of the Council, and a member from each region to provide counsel and advice. There may exist a potential to be the spokesperson for issues as they may arise. Randy Hudson advised there is a crisis team in Georgia that acts as a response team and asked if this was the goal of this group. Chairman Mike Adams confirmed and added this function and plan was part of the original RFP to Weber Shandwick. Alison McMillon added this group is not to override any currently existing crisis groups, but to assist and/or contribute on an industry-wide fashion if, and when, needed. Dan Zedan added the intent is to protect the overall industry. Bruce Caris shared the Marketing Committee had recommended Ron Hayes, based on his dealings and expertise with media, Sonja Roeder, based on her background, and third JB Easterlin, based on his reach to the industry.

Jeff Worn moved to create an Issues Management Team to include APC staff, Chairman & Vice Chairman of the Council, and Ron Hayes, Sonja Roeder, and JB Easterlin; Mike Spradling seconded. No discussion; motion carried unanimously.

Dan Zedan and Bruce Caris summarized a study that was done on tree nuts and salmonella and the industry's efforts to research exposure.

Chairman Mike Adams moved to item ten on the agenda regarding Funding Request Protocol. Bruce Caris and Jeff Worn are requesting better communication among industry groups, and G.L. Straley will be providing a report that will contribute to how we move forward working together with U. S. Pecan Grower's Council (USPGC). USPGC provided a presentation and update to the APC to better understand the industry workings, the rules and deadlines, and what USPGC's requirements are to get funding. The next step is for USPGC and APC to get together at the upcoming Southeastern Pecan Grower's meeting, where strategy will be discussed regarding the 2019 marketing year. The general impression is positive of the Market Access Program (MAP), but there are questions that need to be addressed. Bruce Caris encouraged the APC to be involved in the conversation. There was a lot of work put into the

Funding Request Protocol (FRP), but the goal is to have a working group to ensure the APC's concerns are addressed with USPGC in order for this program to work positively for the industry. Jeff Worn added if everyone can agree that MAP is the best tool and APC is getting best results for 1:1 dollar, then the goal is to work together to accomplish the same goals. Jeff updated that during the El Paso meeting, it was apparent that APC and USPGC were wanting the same thing and spent much of the effort on who was dominating rather than recognizing both groups are working for the same goal. It will take some mulling from both groups. It was encouraging to see a large attendance during the presentation given last night by USPGC. Louie Salopek asked what the timelines and deadlines are for USPGC. Bruce Caris answered there are timelines and the working group is addressing the protocol and timelines next. Janice Dees (Executive Director of USPGC) added it felt like both councils were just behind. USPGC felt they were operating timely, but approaching the APC in what seemed like after the fact. Janice Dees continued explaining the timeline from the USPGC's perspective and some of the challenges experienced. Chairman Mike Adams advised the \$420,000 funded is the subject on hand and not future funding, and asked G.L. Straley to provide the results of the soft audit performed at USPGC's office in Tifton, Georgia in January 2018.

G.L. Straley conducted a soft audit to ensure the three specific steps within the agreement were met. He extended his gratitude to Janice Dees and Doug Freeman. Step one was to ensure all vouchers and receipts were approved and signed. G. L. Straley observed their documentation was all in line. Step two was that financial records and quarterly reports were done. G. L. Straley observed this was completed as requested. He noted some quarterly reports requested were not available, but the request had some ambiguity and could have been provided with clearer communication. Step three was a twice annual report with a list of documents for review. As of January 8th, there was \$117,974 of the \$420,000 funding unspent, but \$102,366 of the funds were allocated to unpaid project invoices. G.L. Straley advised he believed if \$14,710 is returned USPGC has complied with all APC has requested. Chairman Mike Adams asked G. L. Straley if he observed if any of the APC funds were used to pay employee salaries. G. L. Straley confirmed APC funds were used to pay salaries. Chairman Mike Adams asked G. L. Straley if he observed if any of the APC funds were used to pay contractors. G. L. Straley confirmed APC funds were used to pay contractors. Chairman Mike Adams asked if G. L. Straley observed if any of the APC funds were used for USPGC members' travel. G. L. Straley confirmed APC funds were used for USPGC member travel. Chairman Mike Adams asked G. L. Straley if he observed if any of the APC funds were used for the USPGC's website. G. L. Straley confirmed APC funds were used for the USPGC website and there were still some funds needed to complete the work. Dan Zedan asked if the previous four questions were expected to be confirmed to meet USDA's expectations. Chairman Mike Adams expressed the APC is in the process of getting directive, but do not have it yet. G. L. Straley stated the expenditures by USPGC met what APC requested. Karen Crow stated APC had requested directive from USDA on requirements of what APC can fund. USDA advised APC determines what will be funded and limits. APC cannot fund 100% of a program. Funding Request Protocol(FRP) working group defined funding amounts and conditional requests in the FRP. Jeff Worn encouraged working together and identified Doug Freeman is at the heart of MAP and it is important everyone understands what USPGC is doing, a digestion of the data, and how to move forward. Janice Dees stated she believes a working group would be a positive way to move forward to ensure clear communication. Bruce Caris expressed if there are strong feelings about MAP, the working group is the place to come together. Bruce Caris took responsibility for under estimating the concerns and feelings the APC would have, and wants to ensure all issues are addressed better by this working group going forward. J. B. Easterlin thanked Bruce Caris for

his leadership and bringing the APC and USPGC together and Jeff Worn for the idea of a working group, as it is positive for the whole industry.

Chairman Mike Adams moved the council to agenda item 11; Funding Request Protocol (FRP). Phillip Arnold advised the goal was to create a funding process for funding any individual or entity seeking funding for research that would not create a potential liability or waste time or money. The protocol intent was to cover potential problems that may arise. The first step was to create a prescreening process that addressed four key points. The key points: Can the requestor stand on their own without APC funding, did the requestor have a history of collaboration, what organizational relationships had they had in the past, and what is their capacity of reporting? The goal was also a long term protocol and not creating something so stringent it would eliminate a group or individual that would offer successful output. Les Daviet added the intent was to be fair to any group or individual and not create any advantage or disadvantage to any particular group or individual. Phillip Arnold continued the prescreening process was to weed out applicants that did not meet the APC's needs. The next step was the application form for basic information. The intent is to also identify to any applicants where the APC stood on any funding that would not be permitted and to create a timeline for funding deadlines. There was also built in a transitional fast track for matters outside of the timeline in the case something needed to be done quickly. Les Daviet advised the fast track is to address any items outside the two times per year funding would ideally be approved. He continued there would be a process and communication to address any acts that would violate the APC guidelines. Dan Zedan complimented the group on the document created and asked for clarification on the section of operating capital where it says the funding will only be granted when the requestor's primary funding is not the funding from the APC, as that would seem to disqualify USPGC MAP funding. Phillip Arnold recognized this verbiage would create problems and there were provisions included for special considerations, like USPGC's MAP. Les Daviet stated the USDA had reviewed and accepted what has been submitted. Bruce Caris added a thought about the verbiage states the APC will not and if it would put the APC in a binding position to have to exclude a requestor; for example, a group may have filed bankruptcy 30 years prior, but is currently upstanding and has something to offer the APC and industry, but would be disqualified by the way the form reads. Les Daviet reverted back to the provisional section and how it would protect with that. Karen Crow added those who have provisional, supporting documentation as to why they may be an exception can provide documentation/supporting statements under Special Considerations. Phillip Arnold stated the final portion is regarding a panel to review the requests, special conditions or provisions, and the applications. The group is requesting 8 nominees from each of the existing committees to ensure representation. Doug Freeman applauded the fast track funding, but stated there is still a two and a half month wait for decision, which is not fast tracking. Deborah Walden Ralls advised it still has to go through the whole process. Louie Salopek asked if it is approved by USDA. Karen Crow advised the USDA had seen and given positive feedback, but the APC would have to accept and approve the protocol and then submit to USDA for final approval. Les Daviet directed Doug Freeman to the fast track section where it addressed his concerns and Molly Willis pointed out the verbiage states on or before. Molly Willis advised there are multiple steps and the first is a prescreening.

Jeff Worn motioned to accept the Funding Request Protocol as presented; Dan Zedan seconds. Louie Salopek asked if the motion included any provisions or amendments and Jeff Worn advised it was as written. Motion carried unanimously.

Chairman Mike Adams reconvened the APC meeting Wednesday, January 24th, 2018 at 8:00 am CST and welcomed USDA's Jen Varela and Abigail Campos. Jen Varela made two requests of the APC; one to take roll and two to recap the decisions made from the day prior. Trent Mason called roll (all in attendance except Donna Volz, Randy Hudson, Claire Powell, Kenny Tarver, Brandon Harrell, Mike Montgomery, Rickey Jones, Blake Houston, and Chad Selman, quorum met.

Chairman Mike Adams moved the council to agenda item 12, APC official reporting forms. Jen Varela provided an update regarding the final rule and official forms. She stated the final rule was approved and it requires publishing and it is being checked daily as it unusual they have not received it back yet. Dan Zedan asked if the council should expect this on the next five forms. Jen Varela was unable to advise. Dan Zedan asked who can be talked to for resolve. Jen Varela responded she shares the frustration, but their office is checking daily and their office is the liaison and she is unsure who to advise the council to speak to otherwise. Chairman Mike Adams stated there is unrest among the industry manifesting in a number of ways. The first is with handlers waiting for forms to submit their 2016 assessment. Another is the collecting for this year's crop. Mike Adams stated 2016 was a honeymoon period and the industry is now concerned about this year and if the council is doing their job because it is unable to deliver on this requirement. Jeff Worn added this is the overall concern of the industry where many growers are deciding what to do with their crop based on data they felt the council would provide and it is dependent on these forms. The council is under fire to deliver the help the industry needs to make decisions. Dan Zedan continued there is discussion with staff on a schedule of delivering the forms and the follow-up once the forms are finally approved and how handler number assignment will take place. Once the additional five forms are approved, looks to be the best case scenario is May or June, the industry will not have enough time to collect 2017 data so the council will ask them to submit just the month's data. This will allow a practice run to identify problems that may arise completing the forms. For 2017 final, Forms 4 and 7 from last year for August 31st. Staff will send letters and copies of form data around the last week of each month from the forms submitted by the 10th of the month and repeat. This is the official process at this time and will likely need additional staff. Dan Zedan's hope is that all forms will be approved and the trials accomplished by September for use. All comments received on the Forms 4 and 7 were for clarification and formatting in nature and incorporated. These changes need to be approved by the APC.

Dan Zedan motioned to approve the changes to Form 4 and Form 7 to be submitted to USDA for public comment and final approval; G. L. Straley seconded. Jeff Worn suggested a strong training period and a strong assessment based on receipts. Dan Zedan replied the other five forms will not be approved in time, so Form 4 and Form 7 that have been OBM approved will have to be used. The industry will need that explanation and advisement on what is to come to be able to offer the data they are seeking. Dan Zedan continued that the industry had previously used 40% as the shell out differential from in-shell pounds. Due to improved variety and evolved practices, the conversion rate had been changed to 44%. In the FMO, it was assumed the conversion rate is now 50%, but there is no data to verify this rate. In order to make financial and marketing decisions, we need to determine what the accurate rate is and how largely it fluctuates. Bruce Caris asked if the council will determine a conversion rate for year to year or if it will change annually. Dan Zedan advised it needs to be discussed. Jen Varela advised the council is not restricted from publishing the year to year rate determination, but the FMO would require formal change if the rate was found to be different than 50% and the council wished that to be addressed. Chairman Mike Adams

identified the 50% was slightly arbitrary, but to change the FMO rule would require this data. Chairman Mike Adams asked if this motion passes will allow those holding from 2016 to submit. Dan Zedan advised it would if USDA permits it. Jen Varela advised there are no objections to the current version, but she cannot advise on the revision. She added the changes on Form 4 appear easy, but there are additions to Form 7 that may require more in-depth review. Chairman Mike Adams expressed an uneasiness regarding sending industry unofficial forms. Jen Varela advised staff can notify the industry the forms are published but cannot ask them to send them in. The assessments cannot be expressed as due, but it is a good reminder to the industry the ones that are published. Jeff Worn asked what the next steps will be upon voting these changes into effect. Jen Varela advised the forms will be sent to their office. Form 4 will require a modification that will not take long. Form 7 will require a rule addition adding the items included. Dan Zedan explained with the new Form 7, data can continue to be collected while we wait for OBM approval for the other forms. Jeff Worn asked Jen Varela if she thought it would take long to get the forms published. Dan Zedan explained it took six months to make a simple grammatical change to a paragraph because of the approval process. Dan Zedan explained the lengthy process on making changes to Form 7 due to adding two more pieces of information to the additional requirements will change the process. Dan Zedan acknowledged Form 4 is a simple process because we are only taking five words out and adding five words to the top of the form. He continued to explain that the approval of Form 7 will be two additions to the reporting requirements. Getting it approved through USDA will be a more lengthy process given the steps of approval through OMB. He described the approval process of the USDA. First the Form 7 will go to USDA office for review, it will be released in the public domain for comment for 60 days, it will take another 60 days for the Forms to be reviewed. After review, the Forms will then go through OBM for final approval. Jeff Worn asked Dan Zedan what Form 4 and Form 7 will deliver to the industry. Dan Zedan answered by explaining that Form 4 and Form 7 will deliver what was in inventory, what the cost of that inventory was, what the yield of that inventory was, and would determine what final assessments are required to be paid that have not been paid. Jeff Worn asked about the sold and unsold pecans in inventory. Dan Zedan answered that the information was included on Form 7. He directed the Council to Form 7, and pointed out the column labeled "Committed, Not Shipped". Dan Zedan explained that the language in the form will solve that problem. He reassured that the forms waiting on OBM approval also have those language. Dan Zedan continued that we will have that data for 2016, 8 months later. Chairman Mike Adams identified that they are discussing two separate issues. He identified that Dan Zedan and Jeff Worn were talking about data. He stated his concern on APC backlash. Chairman Mike Adams acknowledged the number of handlers waiting for the Forms was only going to grow. He explained there is a conversation among handlers they do not have to send the reports in because they don't have official forms. He explained the problem will only grow without the official forms. Chairman Mike Adams explained that every day that passes, not only do we disprove the credibility of APC, but also have less money to operate on. He acknowledged that being a year behind on assessments is going to be hard to catch up on. Mike Spradling explained the longer it takes for the Forms to be approved, the less that will be received. Louie Salopek asked if the delay of the Forms approval was a direct effect of not having enough staff administration in the USDA office. Jen Varela answered there are different factors that have arose that are not directly tied to problems with administrative staff. Jen Varela explained the Federal Register will send it back several times for minor corrections before it is finally published. Jen Varela acknowledged those are things that cannot be predicted. Jen Varela went on to explain the USDA office tries

to shorten the time it takes without shortening the time period designated for comments from the entire industry. Jen Varela explained they want to give the industry enough time to voice without holding up the approval process. Jen Varela acknowledged they have seen more rules published within the last several months. She continued to explain that the delay cannot be tied to anything in particular. She expressed to the Council that she understood their frustration, and thanked them for their feedback. Dan York asked what positive messages the USDA office can make to their constituents. Jen Varela acknowledged the USDA office is the source of a lot of frustration. She suggested that the Council direct any frustrated calls to the USDA office. She stated the importance for the constituents to voice their comments. She stated it is important to show the Council did their work and put what they wanted they wanted to collect. She acknowledged this is something the Council has all worked very hard on. Jen Varela pointed out the training sessions that will be held is very innovative, and will be used as a model for other programs. She stated those are all successes that are in progress and to share this with the industry. Bruce Caris asked if any more discussion needed to be made before it was brought to a vote. Jen Varela encouraged more discussion to take place on whether the burden was the same for a smaller handler versus a large handler. Bruce Caris identified his company as a medium sized handler, handling 25 to 30 million pounds of inshell. He stated that for his company, it is going over one or two columns on the spreadsheet. Bruce Caris stated they base everything on meat yield to project what sales will look like. He stated that all that information is at their fingertips, and reiterates there is no additional burden. Bruce Caris explained the information the reports will provide is very important to the industry in order to determine the trends. Dan Zedan identified Navarro Pecan Company as a larger sheller, handling 70 million inshell pounds. Dan Zedan advised the FMO drives the price paid by the handler while not giving price directive; it is to identify the price differential from grower to handler and what costs are associated with movement of the pecans. Jen Varela added this was a good clarification and asked for elaboration on shell out. Chairman Mike Adams asked Dan Zedan restate the motion. Dan Zedan identified Form 7 will take time for review, public comment, and a final rule being published. Form 4 and Form 7 for 2017 will continue as approved. Louie Salopek asked if the delays being experienced are due to new administration or any outside impacts. Jen Varela identified that any administration change can create delays and some changes from legal counsel may have had some impact, but otherwise she was unaware of any particular thing that has created the delays the council is experiencing. She stated their office is working hard, but did not have a specific indication as to the cause in delays. Dan York asked for USDA's positive feedback they felt should be shared with the industry. Jen Varela advised the industry can be directed to their office with their frustrations, as they understand it is a big source. She encouraged the council to share the accomplishments such as the Forms that have been approved and the Regulatory and Reporting training, as it does not exist in other industries. Bruce Caris asked if any more discussion was needed to take place before the motion was made. Bruce Caris identified himself as a handler and stated the information being requested is already identified within the accounting and the request should not be a burden. Motion carried unanimously.

Chairman Mike Adams reverted back to the need for 8 nominees for the Funding Request Protocol Panel for the FRP. Chairman Mike Adams asked the 16 present voting members to write a ballot voting on five nominees. Bruce Caris encouraged the council to consider balance between sheller and grower representation.

Jen Varela reminded the council of the ten questions found in the front of the packet from the first meeting held in Houston titled Justification for Rulemaking Action that the USDA has to address when setting up a rule to be written. Jen Varela asked the council to please keep these in mind, and advised she felt those questions were considered in the recently voted change, and encouraged the council to bear them in mind to avoid the USDA having to go back and forth with staff to have them answered.

Dan Zedan continued his update regarding forms and reporting, and commended the APC staff on their efforts. He suggested a subjective number be provided to the industry in December based on currently collected statistics until the council has their own working data. Dan Zedan asked the council to consider funding a December number prior to contracting taking place. Jeff Worn expressed concern on an inaccurate estimate and understanding exactly how the council will accomplish good information. Dan Zedan stated monthly data collection will provide subjective data to move to objective data later on. Jeff Worn clarified cold storage and how no one knows what the open position is of handlers, but cold storage is all the industry has. Chairman Mike Adams asked how the council reconciles the cold storage number if, and when, the council establishes accurate numbers. Dan Zedan advised Form 2 will identify the committed and uncommitted volumes. Jeff Worn asked how a grower holding on to product would impact the data. Dan Zedan advised that a grower still in possession of crop on August 31st will then become the handler of that volume. Chairman Mike Adams included there are no handler transfers from the crop year after August 31st. Dan Zedan reiterated a grower cannot avoid reporting by holding on to their crop. Jen Varela advised it is written where a handler of crop into the next year does have guidelines, and it was agreed it needs to be looked into further. Bruce Caris asked if the month to month number is incomplete due to the volume being stored in cold storage and not reported because a grower does not have to report until a transfer. John Heuler provided his family business experience in the almond industry and how messy the reporting was in the beginning. John Heuler mentioned the many challenges of reporting during harvest because of lack of time, which will cause inaccuracy in reporting the right way. He continues there are other known inaccuracies, and he does not feel these numbers are large enough to be overall impactful. He advised the pecan industry will have these type challenges, too, especially depending on the time of the year. Chairman Mike Adams agrees it is something to consider and working with what we do have is a good start. Dan Zedan added the council can work with cold storage for better information. Louie Salopek asked if it is possible to request growers to advise if they are utilizing cold storage and about the USDA's estimate projection. Dan Zedan diverted the cold storage portion to USDA and advised the USDA had come back regarding their estimate and how it is accomplished. The USDA advised the manner in which the data would be collected with relative accuracy would be too costly. Louie Salopek followed with asking about the industry survey. Dan Zedan believes the industry reported well for this subjective estimate and recommends it be done again. Dan Zedan finished the forms report and briefly updated work being done with staff and Weber Shandwick on the industry portal, password protecting, preparing for electronic reporting, so we can create a quicker return of data reports.

The results from the council vote for Funding Request Protocol Panel members were as follows:

Scott Landgraf	Central Grower
Deborah Walden-Ralls	Western-Sheller
Angie Ellis	Eastern-Grower
Larry Willson	Eastern-Sheller
John Heuler	Western-Grower

The members were elected by the 17 voting members of the Council from a slate of 8 nominees, who were nominated by a nominating committee made up of the Chairman of the following committees: Governance, Finance, Statistics and Reporting, Marketing Research and Promotions, Communications, Compliance, and Personnel.

A summary of the committee meetings, the first day of the council meeting, and motions carried was provided for the USDA who was not able to attend the first day of the meeting.

Chairman Mike Adams summarized 4 new members were added to Governance Committee were added to serve as Ad Hoc Executive Search Committee, 7 sets of minutes were accepted, and it was addressed that council representation at other organizations should not run in conjunction with APC meetings, but APC should be well represented. Jen Varela asked if funds were allocated specific to booth needs, and Karen Crow and G. L. Straley advised they will work together if a special project funding needs to be addressed and/or approval is needed for expenditures for these events. Chairman Mike Adams continued to summarize that assessments were discussed, Travel Policy changes were addressed and voted on to be adopted regarding the 90 days in lieu of 30 days for submissions and private air travel. Marketing update was provided by Weber Shandwick, Scott Landgraf updated on Karen Crow serving as Acting Executive Director, provided update on the Executive Director search. Communications Committee Chair reported on survey efforts, the finance report was accepted as presented, and a compliance auditor update provided by Dan York. Jen Varela asked if the RFP was complete, and Karen advised it had been. Chairman Mike Adams advised there was an update on the Funding Request Protocol. Jen Varela interjected the USDA is eager to see the successes this has and may use the APC as their example for best practices as she was impressed with the documents the working group had developed. Chairman Mike Adams finished the summary that FRP Panel members were selected, an update from the Marketing Committee on their work with USPGC was provided by Bruce Caris and Jeff Worn, a clarification chart on the definition of handlers and foreign entities was provided. Jen Varela encouraged focus be placed on who the handler is and the council created a great chart for this.

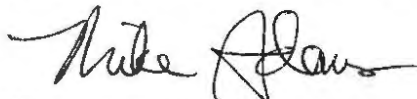
Jen Varela addressed the council regarding replacement of a resigned member's position. She advised having several options if possible is ideal, but the council can only work with what they have. Chairman Mike Adams added the council needed recommendations for shellers to fill these seats. Mike Spradling asked how other FMO's deal with inactive members and/or members who do not participate. Jen Varela advised USDA will not remove a member unless there is a major violation. They suggest another member reach out and discover why they are not participating, and if they express disinterest or conflict, offer the member the option to resign while expressing the decision must be their own. She added that encouraging or coercing someone to resign is not acceptable, but reaching out to remind them their participation is valuable and finding out why they are not is encouraged. Bruce Caris asked if Mike Spradling's concern was the alternates who are not present. He replied it was part of it, and his thought is that all members and alternates are important at each of the meetings as their input is valued and it keeps them knowledgeable. Bruce advised sheller seats were hard to fill and some of the alternate seats were advised they would be told when they were needed. Bruce stated he will reach out to encourage more involvement, but wanted the council to know their lack of participation was a precedence set in the beginning. Dan York advised his alternate inquires before the meetings to see if he is needed. Chairman Mike Adams commended the seated members on their attendance and involvement and further commended the alternates who are able to attend when not needed to be seated.

Mike Spradling encouraged the council to complete the survey.


Jen Varela's last item was an update on the proposal for the other forms has closed out; she reminded the council that staff exists because of the requirement for confidentiality and the particulars of what is and is not received is not something staff can or will share to maintain that confidentiality. She continued the USDA would have to take action if they were to find out staff or council were exchanging those particulars on who has paid and who has not.

Last agenda item; future meetings. Chairman Mike Adams and Bruce Caris suggested the second week in April on the 9th through the 11th. Chairman Mike Adams asked that any feedback on the facility, accommodations, and meeting details be provided to staff. Les Daviet and Louie Salopek recommended future meetings be held in the same location and Louie Salopek added better advance notice be given to be able to book flights. Bruce Caris said he would recommend a meeting or two a year be held in alternative regions as they are open meetings and it will provide the constituents in those regions an opportunity to participate and attend. Louie Salopek added the Western Growers meeting is in April. Chairman Mike Adams ended with the council's desire to have the APC meetings independent to any others.

Trent Mason motioned to adjourn; Sonja Roeder seconded. No discussion; meeting adjourned unanimously at 10:48 am CST.



Mike Adams, APC Chairman



Trent Mason, APC Secretary

Minutes prepared by Jennifer Hightower