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AGENDA ITEM 1 – CALL TO ORDER

Mike Adams, Chairman, called to order a meeting of the American Pecan Council Governance Committee at the Hyatt Regency DFW, Texas on April 16, 2018 at 1:13pm.

AGENDA ITEM 2 - Roll call by Trent Mason, Secretary.

<u>Seat</u>	<u>Member</u>	<u>-</u>	<u>Alternate</u>	<u>-</u>
Eastern Growers	Buck Paulk	Present	Angie S. Ellis	Present
	Trent Mason (Secretary)	Present	Randy Hudson	Not Present
	Molly Willis	Present	Claire Powell	Not 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	Not Present
	G.L. Straley (Treasurer)	Present	Leslie L. 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
	J.B. Easterlin	Present	Chad Selman	Not Present
	Vacant		Ronald Hays	Not Present

AGENDA ITEM 3 - Recognition of APC Members, Alternates, USDA Staff, and Guests

Also present Karen Crow (APC Interim Executive Director), Emma Garner (APC Staff), Jen Varela (USDA), Abigail Campos (USDA), Samantha McLeod (Georgia Pecan Growers Association/*Georgia Pecans*), Matthew Bailey (Bailey Farms/Pecan Report), Ambrocio Guitierrez (South Texas Pecans), Marisa Chavez Guitierrez (South Texas Pecans), Jennifer Hightower (Green Valley Pecan Co), and William Bell (South Texas Pecans).

AGENDA ITEM 4 - Executive Session – Personnel matters

Mike Adams closed the Governance Committee session to all non-council members and non-USDA personnel for the Governance Committee to meet in Executive Session.

Larry Wilson made a motion for the Governance Committee to recommend Alexander Ott as the Executive Director starting July 1, 2018, compensated in the amount of \$250,000 + benefits, annually with an at-will term of minimum 90 days; Bruce Caris seconded the motion. No discussion; motioned carried unanimously.

AGENDA ITEM 5 - Industry feedback from Handler Forms packet

Mike Adams advised he has received several calls and asked the Council if there were any comments or questions regarding the forms since they have been disseminated and are being used. Dan York said he received a phone call from a disgruntled handler regarding the complexity of the forms, but more so the 10th of the month deadline being difficult to make. Bruce Caris said he had worked with his controller to complete the forms and realized they were a bit late on completing and submitting as well. At first glance, the forms seemed to be a lot, but once they reviewed them and addressed how to capture the numbers each month as they come in, it was less overwhelming. Dan Zedan reminded it is more at this time, because the Council is asking for data from prior dates, and continued that most handlers will only be reporting for a few months unless they are holding product for later in the year. Mike Adams advised he added this to the Agenda because the forms are a cooperative effort and it will be important to address the process as we go forward. J.B. Easterlin added the importance of education as someone who has been operating a certain way for a long time is not going to receive well a new process and requirement; educating them will be important in smoothing the transition. J.B. suggested having workshops and to be open to hearing complaints will be helpful. Mike Adams added Karen Crow and Moss Adams provided a presentation at NPSA and it will be helpful in this transition. Philip Arnold advised he received a complaint there seems to be a grey area from month to month accounting because what they are receiving and they do not always have a clear picture. Philip encouraged that person to capture what they have once they have accounting for everything. Mike Adams encouraged the council to direct constituents to the national office. Karen Crow advised their office has been asked by many to create a training or presentation because the recent Q&A's have received great feedback. Karen Crow continued that all of the incoming calls, emails, and letters since the handler packets were sent out have been tracked. The biggest reoccurring question has been regarded the word inter-handler on form 2. The second most frequent question is if all forms must be completed if they do not pertain to a particular entity, and if a seasonal business needs to be submitting monthly. Staff is currently documenting these type questions in handler files and working with USDA. Since February 15th, their office has received 317 calls and over 4,000 emails. The concerns they are receiving is there are too many forms and additional staff will be needed in growers offices to complete the forms, the due date needs to be moved to mid to late month. Staff is helping handlers identify which forms are required for their businesses and walking through the process with them. Karen Crow included there has been a lot of positive

feedback and communications between APC office and handlers. Mike Adams asked how many handlers have been identified currently, and Karen advised 220 have been identified. Dan Zedan identified the forms are going through a learning process with the users and the council. As we work through the process, we identify issues and pieces where the forms may need to be improved, and communicated with those who are using them. Sonja Roeder recommended a training type video that would be available online. Karen Crow agreed, but identified there are about 70% of those completing the forms that are not utilizing a computer, but are completing the forms by hand and manually submitting them. Lalo Medina asked how the 70% was applicable to volume of the assessment value. Karen agreed the larger assessment value is less of those completing by hand. Sonja Roeder revisited the value in an instructional video, and recommended Dan Zedan guide the video instruction.

AGENDA ITEM 6 - Affiliate Relationships with Pecan Producing States

Mike Adams wanted to address and bring to the council's attention (more specifically the Governance Committee) a letter received from the President of the board of directors of North Carolina Pecan Growers Association. The letter expressed they did not have representation on the APC and had suggested an advisory board from North Carolina to the APC. Jeff Worn reminded that the development of the council itself was provided to all producing states and involvement was encouraged at that time. The industry as a whole recommended the members of the council and Jeff feels North Carolina does have representation despite not having a recommendation for a member on the Council. Jeff asked if North Carolina is facing different issues they believe are not being heard. Mike Adams advised he is not aware of any issues, but cannot be sure, but that he personally had gone to North Carolina twice prior to the establishment of the Council. Louie Salopek asked for the pecan industry demographics of North Carolina. Dan Zedan approximated North Carolina at half million pounds of crop. Bruce Caris felt the letter was suggesting the smaller region growers may not have been clear at the time the Council was established and it seemed they were trying to get their voice heard by the Council. Bruce suggested that rather than creating more boards and committees, the Council reach out to these regions and advise of the Council's meeting schedule and encourage them to participate in the meeting. Mike Adams agreed. G.L. Straley noted there can be committee members without being council members. Ground work is completely on a committee level, so their involvement is highly impactful. **However, per USDA after the meeting, only council members on committees may make recommendations to the council.* Mike Adams suggested staff send them notifications. Dan Zedan supported G.L.'s statement and recommended they get involved. John Heuler admitted he was ignorant of North Carolina's industry and suggested sending North Carolina Pecan Grower's Association an invitation for them to give a presentation regarding their portion of the industry. Karen Crow identified that in a recent visit to South Carolina she had good meetings with growers and handlers and several new handlers were identified. Karen Crow stated staff visits to state and regional meetings are very valuable

for the APC and industry. Philip Arnold pointed out that every seat on the Council is responsible for a region, so they are represented and they should reach out to their council member who represents their region. Karen Crow advised staff will be updating Council Member profiles online and the monthly American Pecan Council Newsletter will begin featuring council member profiles as well, so each state will know which council member to reach out to for their regional contact.

AGENDA ITEM 7 - Cooperative Opportunities with Private Vendors

Mike Adams advised several vendors have requested to develop programs that could be offered to the industry. Vendors have asked the Governance Committee to dive deeper into this possibility and to work with USDA in how they can offer the council, constituents and the industry benefits. Larry Willson asked if other FMO related industries found this common and Mike Adams commented he felt it was.

AGENDA ITEM 8 - Review of APC Agenda

AGENDA ITEM 9 - Old Business

AGENDA ITEM 10 - New Business

Mike Adams asked if there was any Old or New business to be brought before the Governance Committee or the Council. None was presented.

AGENDA ITEM 11 – Adjourn

AGENDA ITEM 1 – Call to Order

Mike Adams, Chairman, called to order the American Pecan Council meeting April 16, 2018 at 3:38 p.m. CST.

AGENDA ITEM 2 – ROLL CALL

Roll call by Trent Mason, Secretary.

<u>Seat</u>	<u>Member</u>	<u>-</u>	<u>Alternate</u>	<u>-</u>
Eastern Growers	Buck Paulk	Present	Angie S. Ellis	Present
	Trent Mason (Secretary)	Present	Randy Hudson	Present
	Molly Willis	Present	Claire Powell	Not 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	Not Present
	G.L. Straley (Treasurer)	Present	Leslie L. 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
	J.B. Easterlin	Present	Chad Selman	Present
	Vacant		Ronald Hays	Present (seated)

AGENDA ITEM 3 - INTRODUCTIONS

a) Recognition of USDA, guests and others in attendance

Additionally present were Charles Stephens (USDA), Karen Crow (APC Interim Executive Director), Emma Garner (APC Staff), Jen Varela (USDA), Abigail Campos (USDA), Samantha McLeod (Georgia Pecan Growers Association/*Georgia Pecans*), Matthew Bailey (Bailey Farms/Pecan Report), Ambrocio Guitierrez (South Texas Pecans), Marisa Chavez Guitierrez (South Texas Pecans), Jennifer Hightower (Green Valley Pecan Co), William Bell (South Texas

Pecans), Kortney Chase (San Saba Pecans), Blair Krebs (Texas Pecan Growers Association/*Pecan South*), and Wilbert Hundl (USDA NASS Southern Plains).

AGENDA ITEM 4 - ITEMS OF GENERAL CONSENT

Motion to accept the minutes as provided made by Louie Salopek, seconded by Scott Landgraf. No discussion, motion passed. (ATTACHED)

Mike Adams reviewed the marketing order regarding vacancy of a council member position and identified the vacancies in the Eastern and Central Large Sheller Alternate Member Seats. Jen Varela added that nominations may be taken from the floor and then the nominees will need to submit a background statement through staff for USDA to determine if they meet the qualifications. Then they will be approved as members by the Secretary.

986.51 Vacancy

*Any vacancy on the Council occurring by the failure of any person selected to the Council to qualify as a member of alternate member due to a change in status making the member ineligible to serve, or due to death, removal, or resignation, shall be filled, **by a majority vote of the Council for the unexpired portion of the term.** However, that person shall fulfill all the qualifications set forth in this part as required for the member whose office that person is to fill. The qualifications of any person to fill a vacancy on the Council shall be certified in writing to the Secretary. The Secretary shall notify the Council if the Secretary determines that any such person is not qualified.*

Jeff Worn nominated Adam Harrell from Golden Peanut & Tree Nut for the Eastern Large Sheller Alternate position, and Dan Zedan supported the nomination and there were no objections.

A vote was taken for nominee, Adam Harrell, to be accepted as a member in the Eastern Large Sheller Alternate position by the council. All were in favor; none opposed.

Dan Zedan nominated Steve Zaffarano for the Central Large Sheller Alternate position and Bruce Caris supported the nomination, and there were no objections.

A vote was taken for nominee, Steve Zaffarano, to be accepted as a member in the Central Large Sheller Alternate position by the council. All were in favor; none opposed.

AGENDA ITEM 5 - STAFF REPORTS – Karen Crow, Interim Executive Director

Karen Crow requested a brief bio from each council member, but stated a reminder will be sent in the Snapshot and she also requested feedback on the information being disseminated to council members only. Karen reviewed the 2016 and 2017 assessments and payments. She

reviewed the results of the Snapshot and the Newsletter analytics received over the weekend since the blast at 5pm (CST) on Friday, April 13th. Bruce asked who comprised the 2400 emails. Karen advised they have been sourced through various conferences, outreach, registrations and efforts to create a database identifying their role in the industry. Karen noted the traffic to the industry side of the website and its importance. Mike Adams reminded members to continue directing constituents to the APC office so staff can document the calls/emails. Staff is better able to aid them knowing they have a source to reach the council. Bruce Caris commended Karen's and Emma's efforts and the representation they have provided on the council's behalf. Mike Spradling asked for an update regarding the portal and database. Karen advised the new database program has helped and will continue to make the flow of information better as it continues to be utilized. Karen provided an update on member communications and encouraged feedback.

AGENDA ITEM 6 - STAFFING/HOME OFFICE UPDATE

(a) Interim Executive Director employment contract – Scott Landgraf

(b) Advisory Group – Phillip Arnold

Chairman Adams asked Phillip Arnold to comment on behalf of the Advisory Group.

Phillip Arnold commented on the SNAPSHOT, Newsletter and updates provided by Karen Crow. Phillip Arnold stated, by in large, I have to give most of the credit to Karen Crow for the job she has done. If you look at the information she has put out in the last few weeks, she has done a great job keeping us informed. Scott Landgraf and I sat down with Karen Crow in January after the council meeting and we expressed concern about the huge workload she is taking on with just two people in the office. We encouraged Karen Crow to get temps and Karen Crow expressed the challenge of temps due to the confidentiality of information in the APC office. Phillip Arnold stated he left it up to Karen's discretion to determine and manage the support she would need. Karen Crow has come up with several viable options and a good solution through interns. Phillip Arnold also stated the Advisory Group and Council should be a two-way deal and they should be communicating with Karen Crow as well, not just her communicating with them and the Council. Phillip Arnold acknowledged there have been some snags along the way, as he and whoever else was involved with Karen's Employment Agreement, dropped the ball on the Employment Agreement and some other things. Phillip Arnold said he thought all those things have been ironed out and, if not, we need to get all those things taken care. Phillip Arnold stated it wasn't that we (APC) were just not taking care of it, just had people going in different directions, but we need to get these things taken care of.

Karen Crow provided an update regarding interns that will be in the office supporting administrative operations. Montana Larson will be returning through the summer to provide

support as well, until the new Executive Director is begins. Karen also noted Emma Garner's contributions and support in the office. She has taken on a much larger role. She has initiated and developed processes and procedures for assessments and reporting. Karen Crow stated it would not be possible for her to manage all that is required in her role without Emma Garner.

Chairman Adams asked Scott Landgraf, Chairman of Personnel Committee, to provide a report on the Employment Agreement with Karen Crow and follow-up what the Council discussed at the last meeting.

Scott Landgraf stated he would like to first start out by apologizing for letting Karen Crow's agreement and stipend fall through the cracks and he said he assumed some things were being taken care of. Scott said he had communication with Leslie Hunt, employment attorney, Friday, April 13, 2018, and her email said she would be getting an Agreement to Karen Crow. Scott said he was not sure if Karen had received Agreement yet. Regarding the stipend, Scott stated he guessed he just assumed it would just happen. Scott stated Karen reached out to him several days/weeks ago and asked if there was a problem, as she still had not received the stipend. Scott told her there was not a problem, they (APC) just needed to go back through the process and get it paid up to date. Scott again apologized and stated he was only a volunteer.

AGENDA ITEM 7 - FINANCE REPORT – G. L. Straley, Treasurer

Finance Report **(ATTACHED)** – G.L. Straley noted the Financial Statements had been provided to the council. G.L. Straley reviewed highlights from the report. Louie Salopek asked where the estimate and actual collections were for 2017. G.L. Straley advised still have \$4.4 million remaining to collect and felt it was a conservative estimate. J.B. Easterlin asked if compliance expenses had begun, if their efforts had started, and when it will commence. Karen Crow advised they are looking to begin end of June or July. Randy Hudson asked if the Council believes they have identified all handlers in the United States. Karen Crow stated they have identified 220 handlers to date, but believe there more to identify. Randy Hudson also asked what financial program was being used. G.L. Straley advised the report comes directly from the finance firm and he is unsure what they use. Mike Adams advised there are handlers who have offered information on fellow handlers and the communication is moving to help identify handlers. Randy asked if staff was aware of any large outstanding handlers who have not completed and paid their 2016 assessment. Mike Adams advised this is not public communication, but there have been individuals who have communicated they were waiting for completed forms. G.L. Straley expressed they are close based on the amount estimated. Bruce Caris asked Jen Varela if the council may publish a list of known handlers. Jen Varela

advised her experience with published known handlers had created controversy when one person stated they missed a sale due to the publication, and encouraged the council to work with staff to ensure it is a complete list prior to any publication of known handlers. Bruce Caris identified the industry is wide spread with many small handlers. Jen Varela stated she believed the council was getting closer. Karen Crow advised there have been strides made in the various conferences and submissions of forms. Sonja Roeder suggested a specific, targeted Newsletter asking if people are handlers to address those who may not have received the forms. Karen Crow added staff will begin visiting handlers in various areas at the end of May. G.L. Straley advised the financial audit has been contracted under budget and will begin soon. Dan York asked what the expenditures were for council meetings to date, and G.L. Straley reviewed the meeting expenses and travel expenses from the finance report for the past 6 month period.

Bruce Caris made a motion to accept the Financial Statements as presented; seconded by Louie Salopek. No discussion; motion carried unanimously.

Mike Adams dismissed the council for the day and advised the meeting would continue the following morning, April 17, 2018 at 8:00am.

Mike Adams reconvened the American Pecan Council meeting on April 17, 2018 at 8:08am CST.

Roll call by Trent Mason, Secretary.

<u>Seat</u>	<u>Member</u>	<u>-</u>	<u>Alternate</u>	<u>-</u>
Eastern Growers	Buck Paulk	Present	Angie S. Ellis	Present
	Trent Mason (Secretary)	Present	Randy Hudson	Present
	Molly Willis	Present	Claire Powell	Not 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	Not Present
	G.L. Straley (Treasurer)	Present	Leslie L. 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
	J.B. Easterlin	Present	Chad Selman	Present
	Vacant		Ronald Hays	Present (Seated)

Additionally present were Charles Stephens (USDA), Karen Crow (APC Interim Executive Director), Emma Garner (APC Staff), Jen Varela (USDA), Abigail Campos (USDA), Samantha McLeod (Georgia Pecan Growers Association/*Georgia Pecans*), Matthew Bailey (Bailey Farms/Pecan Report), , Ambrocio Guitierrez (South Texas Pecans), Marisa Chavez Guitierrez (South Texas Pecans), Jennifer Hightower (Green Valley Pecan Co), William Bell (South Texas Pecans), Blair Krebs (Texas Pecan Growers Association/*Pecan South*), and Wilbert Hundl (USDA NASS Southern Plains).

AGENDA ITEM 8 - FUNDING REQUEST PANEL REPORT

Deborah Walden-Ralls presented four (4) items (**ATTACHED**) reviewed and recommended for approval by the Funding Request Panel (Deborah Walden-Ralls, John Heuler, Angie Ellis, Scott Landgraf & Larry Willson). The U.S. Pecan Growers Council (USPGC), National Pecan Shellers Association (NPSA x 2 requests), and International Nut Council (INC) have submitted requests with completed request protocol paperwork. The Funding Request Panel is recommending the funding of all four requests. Deborah Walden-Ralls reviewed each request. Discussion surrounding the NPSA Shelf Life Study being done by NPSA was closed with a suggestion that all

concerns and requests for the study be directed to Deborah Walden-Ralls and/or staff to ensure it was provided to NPSA from a single contact. Jen Varela asked if the statement concerning APC funds not being associated with any activity that is a violation of APC Bylaws will be completed again, and Deborah Walden-Ralls advised all organizations being funded will have this in place. Deborah Walden-Ralls added that where the funding will be allocated from the budget is included on the front of each funding document provided. Lalo Medina asked why the funding for the USPGC had a section allocated being distributed from “unallocated funds.” Deborah Walden-Ralls advised the request exceeded the \$500,000 dedicated to international marketing, and since the USPGC request exceeded the \$500,000 budget, the remainder will be from “unallocated marketing funds.” Louie Salopek asked what timeframe the organizations will be funded. Deborah Walden-Ralls advised that USPGC will be funded immediately per their needs. Jeff Worn reverted back to the NPSA Shelf Life Study funding and his concern about the details the council wants considered in the study being addressed prior to funding. Deborah Walden-Ralls will provide the details to Jeff Worn and would like to work with Jeff Worn before the funding is finalized.

Louie Salopek made a motion to fund the U.S. Pecan Growers Council for 2018 Market Access Program per the request submitted and recommended by the Funding Request Panel in the amount of \$732,418; motion seconded by Sonja Roeder. No discussion; motion carried unanimously.

Phillip Arnold made a motion to fund National Pecan Shellers Association - Shelf Life Study per the request submitted and recommended by the Funding Request Panel in the amount of \$90,000; motion seconded by Dan York. No discussion; motion carried unanimously.

Dan York made a motion to fund National Pecan Shellers Association – Chef’s Summit per the request submitted and recommended by the Funding Request Panel in the amount of \$130,000; motion seconded by Phillip Arnold. No discussion; motion carried unanimously.

G.L. Straley made a motion to fund the International Nut Council per the request submitted and recommended by the Funding Request Panel in the amount of \$100,000; motion seconded by Larry Willson. No discussion; motion carried unanimously.

Jen Varela of USDA commended the American Pecan Council staff and working group for the process developed and used by the Funding Request Panel and intends to use it as an example in the future to other organizations.

AGENDA ITEM 9 - COMMITTEE REPORTS

Agenda Item 9(a) - Mike Spradling provided an update from the Communications Committee. Mike Spradling reviewed the self-evaluation survey results previously completed. The council

discussed the survey was done before the last council meeting and the council has made great strides since then. The council has expressed interest in a retreat once the new executive director comes on and it was suggested to conduct another survey one year from now.

Agenda Item 9(b) – Dan York provided an update from the Compliance Committee. Handler audit compliance will be conducted by Moss Adams out of California and the audits will be soft audits in the beginning. The audits will be selected randomly, in a region, and the first year of visits will be an educational process. Moss Adams will provide reports from their field audits to the APC office. Jen Varela also made note that compliance audits are not intended to seem like a strong hammer, but rather the goal is to assist people to become compliant, and to ensure the handlers know how the system works and how they need to contribute; and also to ensure the system is not being cheated. Sonja Roeder asked how it will be handled if someone is not compliant, or not getting into compliance. Jen Varela replied that in most cases it is resolved and corrections are generally handled at staff level, and audits do not usually reveal people that refuse compliancy.

Agenda Item 9(c) – Dan Zedan provided an update from Statistics and Reporting. Dan Zedan, staff and Armstrong, Backus met to review the 2016 data collected and are working to have that published. Some editorial changes to the forms have been noted and will go into effect in the next revisions; of note, the use of the term Inter-handler used for more than one context. Some drafts have been generated for reporting the data collected from the forms and is being worked on. The Statistics and Reporting Committee is working to identify how pecan volume will be accounted for when they are not sold from a grower to a handler, because the FMO specifies the APC accounts for handlers and a grower does not become a handler until they export and/or sell retail. Jen Varela stated the USDA is looking into how it can be captured, perhaps on a volunteer basis, when a grower has retained possession of their crop to properly account for the whole crop volume. Sonja Roeder asked if there will be a caveat statement when the numbers are published, and Dan Zedan advised it will be part of the reporting once final drafts are brought for the council's approval. Dan Zedan also discussed with USDA NASS and FAS how to account for product going in and out of the country so they will not be counted twice. Jen Varela, Louie Salopek, Jeff Worn, Dan Zedan, and Randy Hudson will work together to move forward with this issue.

Agenda Item 9(d) – Bruce Caris provided an update from the Marketing Committee. Year-to-date there have been three scopes of work with Weber Shandwick and the third phase, brand launch, is coming to fruition, and they are on budget. Bruce advised he, Mike Adams, Karen Crow, and the incoming executive director will sit down with Weber Shandwick to review the monies spent, the pay structure, and review overall marketing budget and will be able to report back to the council with a deeper breakdown. Guidelines for using branding will be coming

soon. There were some training classes provided to some council members on how to deal with media and for the upcoming brand launch efforts. Karen Crow provided updates regarding issue response tactics that are being developed in the event there is an industry crisis. Bruce advised there has been discussion to branch out the research portion to it's own committee, but it has been put on the back burner until the new executive director comes on board. Jen Varela asked if there will be a new scope of work (SOW) or a new phase that will be needing approval. Jen Varela established the council needs to vote for the new funding like the previous phases.

Agenda Item 9(e) - There was no report from the Governance Committee.

Wilbert Hundl, Regional Director of the USDA NASS, Southern Plains region, provided an update regarding recent activity NASS has conducted. NASS is currently going through the production disposition and income survey for the final data that will be published at the end of June. He encouraged the APC to be supportive to the constituents and their participation, where applicable, in these surveys.

AGENDA ITEM 10 - EXECUTIVE DIRECTOR SEARCH UPDATE – Executive Director Search Working Group

AGENDA ITEM 11 – EXECUTIVE SESSION

Mike Adams led the council to Executive Session and excused all non-council members and non-USDA personnel.

Larry Willson motioned to hire Alexander Ott, per the Governance Committee's recommendation, with a start date of July 1, 2018 and compensated in the amount of \$250,000 annually + benefits, with an at-will term of minimum 90 days; G.L. Straley seconded. Dan Zedan expressed concern the compensation was much higher than other tree nut FMO executive directors. 16 members voted in support of the motion, and 1 opposed; motion carried.

Mike Adams called the open session meeting back into session after lunch and role was called by Emma Garner (APC staff):

<u>Seat</u>	<u>Member</u>		<u>Alternate</u>	
	Buck Paulk	Not Present	Angie S. Ellis	Present (Seated)
	Trent Mason (Secretary)	Not Present	Randy Hudson	Present (Seated)
Eastern Growers	Molly Willis	Not Present	Claire Powell	Not Present
	Mike Adams (Chairman)	Present	Jennifer Ivey	Present
	Michael L. Spradling	Present	Lalo Medina	Not Present
Central Growers	Billy Scott Landgraf	Present	Mike Montgomery	Not Present

Western Growers	Louie J. Salopek	Not Present	Frank P. Salopek	Not Present
	G. L. Straley (Treasurer)	Present	Leslie L. Daviet, II	Present
	Phillip Arnold	Present	John Heuler	Present
Eastern Shellers	Jeff Worn	Not 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
	J.B. Easterlin	Not Present	Chad Selman	Present (Seated)
	Vacant		Ronald Hays	Not Present

AGENDA ITEM 12 - WEBER SHANDWICK MARKETING UPDATE

Weber Shandwick Marketing Report – Slide deck provided. Advertisement, social media, blogging, and further reaching marketing demonstrated, budget expenditure and the cost placements were reviewed, and future efforts with the third phase beginning and 2019 calendar planning. Weber Shandwick advised the American Heart Association had approved pecans heart healthy labeling. Brand launch is in the upcoming weeks and will bring more buzz for the industry. Bruce Caris closed thanking Weber Shandwick for providing a clear understanding on what has been taking place and what is coming up for American Pecans.

AGENDA ITEM 13 - FUTURE MEETINGS - CALENDAR APC

Mike Adams advised there would not be an in-person meeting in July. Once the executive director begins, discussion will be had regarding a possible retreat and the need for any meetings outside of the required September meeting, prior to National Pecan Shellers Association meeting in September. At the September meeting the annual budget will need to be recommended and approved.

AGENDA ITEM 14 - OLD BUSINESS

AGENDA ITEM 15 - NEW BUSINESS

Mike Adams asked for any old business. No old business discussed. New business - Deborah Walden-Ralls suggested a software for staff to use to streamline and centralize the information being disseminated, cost approximately \$6,800. Deborah Walden-Ralls stated she will send some follow-up information about the software to staff.

AGENDA ITEM 16 – ADJOURNMENT

Dan Zedan made a motion to adjourn on April 17, 2018 at 2:01 pm; motion seconded by Bruce Caris. No discussion; unanimously carried.



Mike Adams, Chairman

Trent Mason, Secretary

Minutes prepared by Jennifer Hightower



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:

<u>Seat</u>	<u>Member</u>	<u>-</u>	<u>Alternate</u>	<u>-</u>
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. Scott stated there would be a meeting with Karen Crow tomorrow to answer final questions on the direction the council is going. He acknowledged that Karen Crow was stretched with all the responsibility she is assuming now. He notified the Council that a copy of her job description is available to anyone requesting. 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 Lianio 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



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

American Pecan Council

Compiled Financial Statements

For the One Month and Four Months Ended January 31, 2018

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ARMSTRONG, BACKUS & CO., LLP
Certified Public Accountants

To the Board of Directors of
American Pecan Council

ACCOUNTANTS' COMPILATION REPORT

Management is responsible for the accompanying financial statements of American Pecan Council (a nonprofit organization), which comprise the statement of financial position as of January 31, 2018 and the related statements of activities and cash flows for the one month and four months then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Supplementary Information

The supplementary information included in the operating budget for the one month and four months ended January 31, 2018 and the year ended September 30, 2018 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

We are not independent with respect to the American Pecan Council.

Armstrong, Backus & Co., L.L.P.

San Angelo, Texas
February 14, 2018

An independently owned member
RSM US Alliance



AMERICAN PECAN COUNCIL
Statement of Financial Position

As of January 31, 2018

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 3,878,352
	<hr/>
Total Current Assets	\$ 3,878,352
	<hr/>

Fixed Assets:

Property, Plant, and Equipment	\$ 34,976
Accumulated Depreciation	(1,941)
	<hr/>
Total Fixed Assets	\$ 33,035
	<hr/>

Other Assets:

Security Deposit	\$ 2,400
	<hr/>
Total Other Assets	\$ 2,400
	<hr/>

TOTAL ASSETS	\$ 3,913,787
	<hr/> <hr/>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 12,372
Payroll Tax Payable	3,199
	<hr/>
Total Current Liabilities	\$ 15,571
	<hr/>
Total Liabilities	\$ 15,571
	<hr/>

Net Assets:

Unrestricted Net Assets	\$ 3,898,216
	<hr/>
Total Net Assets	\$ 3,898,216
	<hr/>

TOTAL LIABILITIES AND NET ASSETS	\$ 3,913,787
	<hr/> <hr/>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Activities

For the One Month and Four Months Ended January 31, 2018

	<u>One Month</u>	<u>Four Months</u>
Revenue:		
Assessment Income	\$ 1,423,228	\$ 1,680,292
Interest Earned	4,215	9,542
	<hr/>	<hr/>
Total Revenue	\$ 1,427,443	\$ 1,689,834
	<hr/>	<hr/>
Expenses:		
APC Expenses	\$ 2,164	\$ 10,407
Capital Items	-0-	5,178
General and Administrative	55,573	250,815
Industry Communication and Database Management	43	173
Marketing	-0-	1,813,290
	<hr/>	<hr/>
Total Expenses	\$ 57,780	\$ 2,079,863
	<hr/>	<hr/>
Change in Net Assets	\$ 1,369,663	(\$ 390,029)
Net Assets, Beginning	2,528,553	4,288,245
	<hr/>	<hr/>
Net Assets, Ending	\$ 3,898,216	\$ 3,898,216
	<hr/>	<hr/>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL**Statements of Cash Flow****For the One Month and Four Months Ended January 31, 2018**

	<u>One Month</u>	<u>Four Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 1,423,228	\$ 1,680,292
Cash Received from Interest Earned	4,215	9,542
Cash Paid for Operating Expenses	<u>(58,931)</u>	<u>(2,884,422)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,368,512</u>	<u>(\$ 1,194,588)</u>
Cash Flows From Investing Activities:		
Purchases of Property, Plant, and Equipment	<u>\$ -0-</u>	<u>(\$ 30,830)</u>
Net Cash Used by Investing Activities	<u>\$ -0-</u>	<u>(\$ 30,830)</u>
Net Increase (Decrease) in Cash	\$ 1,368,512	(\$ 1,225,418)
Cash, Beginning of Period	<u>2,509,840</u>	<u>5,103,770</u>
Cash, End of Period	<u><u>\$ 3,878,352</u></u>	<u><u>\$ 3,878,352</u></u>
Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Increase (Decrease) in Net Assets	\$ 1,369,663	(\$ 390,029)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used by Operating Activities:		
Depreciation Expense	583	1,802
Changes in Assets and Liabilities:		
(Increase) Decrease in Security Deposit	2,000	(400)
Increase (Decrease) in Accounts Payable	(6,933)	(809,160)
Increase (Decrease) in Payroll Tax Payable	<u>3,199</u>	<u>3,199</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 1,368,512</u></u>	<u><u>(\$ 1,194,588)</u></u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Four Months Ended January 31, 2018 and the Year Ended September 30, 2018

	One Month Ended January 31, 2018		Four Months Ended January 31, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Revenue:					
2016 Assessment Income - Carry Over	\$ -0-	\$ 333,333	\$ 64,877	\$ 1,333,333	\$ 4,000,000
2017 Assessment Income	1,423,228	522,667	1,615,415	2,090,667	6,272,000
Interest Earned	4,215	3,917	9,542	15,667	47,000
Other Income	-0-	250	-0-	1,000	3,000
Total Revenue	\$ 1,427,443	\$ 860,167	\$ 1,689,834	\$ 3,440,667	\$ 10,322,000
Expenses:					
Administration and Program Support:					
General and Administrative:					
Salaries and Benefits	\$ 12,618	\$ 28,750	\$ 12,618	\$ 115,000	\$ 345,000
Employee Benefits	-0-	3,333	-0-	13,333	40,000
Payroll Texas	1,041	2,500	1,041	10,000	30,000
Professional Services and Fees	751	3,750	5,203	15,000	45,000
Staff Travel	-0-	3,750	10,478	15,000	45,000
Accounting Services	2,100	3,333	5,825	13,333	40,000
Rent and Utilities	-0-	2,917	11,077	11,667	35,000
Contract Labor	1,662	1,083	88,656	4,333	13,000
Telephone/Internet/Mobile	-0-	833	455	3,333	10,000
Office Expenses General	-0-	542	6,970	2,167	6,500
Subscriptions/Conference Registrations/Dues	-0-	417	-0-	1,667	5,000
Fidelity Bond Insurance	1,884	333	1,884	1,333	4,000
Maintenance/Repairs	-0-	292	-0-	1,167	3,500
Executive Search Firm Fees	34,934	10,417	104,800	41,667	125,000
Depreciation Expense	583	-0-	1,802	-0-	-0-
Miscellaneous	-0-	167	6	667	2,000
Total General and Administrative	\$ 55,573	\$ 62,417	\$ 250,815	\$ 249,667	\$ 749,000
APC Expenses:					
Council Travel	\$ 2,882	\$ 13,333	\$ 7,753	\$ 53,333	\$ 160,000
Meetings Expenses	1,392	2,917	1,392	11,667	35,000
Working Group and Committee Expense	-0-	2,000	1,203	8,000	24,000
D&O Insurance	(2,110)	250	59	1,000	3,000
Economic Demand Study	-0-	2,083	-0-	8,333	25,000
Total APC Expenses	\$ 2,164	\$ 20,583	\$ 10,407	\$ 82,333	\$ 247,000
Compliance:					
Sheller/Handler Visits and Audits (Contracted)	\$ -0-	\$ 8,500	\$ -0-	\$ 34,000	\$ 102,000
Compliance Travel	-0-	4,583	-0-	18,333	55,000
GAGAS Audit	-0-	2,500	-0-	10,000	30,000
Records and Accounting	-0-	833	-0-	3,333	10,000
Printing/Forms/Postage	-0-	417	-0-	1,667	5,000
Total Compliance	\$ -0-	\$ 16,833	\$ -0-	\$ 67,333	\$ 202,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Four Months Ended January 31, 2018 and the Year Ended September 30, 2018

	One Month Ended January 31, 2018		Four Months Ended January 31, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Data and Statistics:					
NASS Crop Estimates	\$ -0-	\$ 11,250	\$ -0-	\$ 45,000	\$ 135,000
Consulting and Research - Contractor	-0-	18,750	-0-	75,000	225,000
Total Data and Statistics	\$ -0-	\$ 30,000	\$ -0-	\$ 120,000	\$ 360,000
Industry Communication and Database Management:					
Salaries and Benefits (One-Half Employee)	\$ -0-	\$ 3,500	\$ -0-	\$ 14,000	\$ 42,000
Database Program/Website Management/Website Maintenance	43	1,667	173	6,667	20,000
Total Industry Communication and Database Management	\$ 43	\$ 5,167	\$ 173	\$ 20,667	\$ 62,000
Total Administrative and Program Support	\$ 57,780	\$ 135,000	\$ 261,395	\$ 540,000	\$ 1,620,000
Capital Items:					
Computer/Phone Systems/Furniture/Build-out	\$ -0-	\$ 3,333	\$ 5,178	\$ 13,333	\$ 40,000
Total Capital Items	\$ -0-	\$ 3,333	\$ 5,178	\$ 13,333	\$ 40,000
Research and Marketing:					
Research:					
Funding Request	\$ -0-	\$ 31,250	\$ -0-	\$ 125,000	\$ 375,000
Total Research	\$ -0-	\$ 31,250	\$ -0-	\$ 125,000	\$ 375,000
Marketing:					
Weber Shandwick 2017 - Expenses Not Yet Invoiced or Paid	\$ -0-	\$ 80,333	\$ 513,710	\$ 321,333	\$ 964,000
Weber Shandwick 2018 - Projected Expenses	-0-	416,667	1,290,072	1,666,667	5,000,000
Unallocated or Available for Carry Over into 2019	-0-	98,000	-0-	392,000	1,176,000
International Marketing	-0-	41,667	-0-	166,667	500,000
Database Portal Development Website	-0-	3,750	-0-	15,000	45,000
Salaries and Benefits (One-Half Employee)	-0-	3,500	-0-	14,000	42,000
Printing and Design/Other	-0-	2,500	-0-	10,000	30,000
Immersion Tours	-0-	2,500	9,508	10,000	30,000
Total Marketing	\$ -0-	\$ 648,917	\$ 1,813,290	\$ 2,595,667	\$ 7,787,000
Total Research and Marketing	\$ -0-	\$ 680,167	\$ 1,813,290	\$ 2,720,667	\$ 8,162,000
Total Expenses	\$ 57,780	\$ 818,500	\$ 2,079,863	\$ 3,274,000	\$ 9,822,000
Change in Net Assets	\$ 1,369,663	\$ 41,667	(\$ 390,029)	\$ 166,667	\$ 500,000

See Accountants' Compilation Report.



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

American Pecan Council

Compiled Financial Statements

For the One Month and Five Months Ended February 28, 2018

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ARMSTRONG, BACKUS & CO., LLP
Certified Public Accountants

To the Board of Directors of
American Pecan Council

ACCOUNTANTS' COMPILATION REPORT

Management is responsible for the accompanying financial statements of American Pecan Council (a nonprofit organization), which comprise the statement of financial position as of February 28, 2018 and the related statements of activities and cash flows for the one month and five months then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Supplementary Information

The supplementary information included in the operating budget for the one month and five months ended February 28, 2018 and the year ended September 30, 2018 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

We are not independent with respect to the American Pecan Council.

Armstrong, Backus & Co., L.L.P.

San Angelo, Texas
March 13, 2018

An independently owned member
RSM US Alliance



AMERICAN PECAN COUNCIL
Statement of Financial Position

As of February 28, 2018

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 3,920,129
Total Current Assets	\$ 3,920,129

Fixed Assets:

Property, Plant, and Equipment	\$ 45,688
Accumulated Depreciation	(2,791)
Total Fixed Assets	\$ 42,897

Other Assets:

Security Deposit	\$ 2,400
Total Other Assets	\$ 2,400

TOTAL ASSETS	\$ 3,965,426
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 13,768
Payroll Tax Payable	6,330
Total Current Liabilities	\$ 20,098
Total Liabilities	\$ 20,098

Net Assets:

Unrestricted Net Assets	\$ 3,945,328
Total Net Assets	\$ 3,945,328

TOTAL LIABILITIES AND NET ASSETS	\$ 3,965,426
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Activities

For the One Month and Five Months Ended February 28, 2018

	<u>One Month</u>	<u>Five Months</u>
Revenue:		
Assessment Income	\$ 459,174	\$ 2,155,151
Interest Earned	4,361	13,903
Other Income	539	539
	<hr/>	<hr/>
Total Revenue	\$ 464,074	\$ 2,169,593
	<hr/>	<hr/>
Expenses:		
APC Expenses	\$ 36,576	\$ 47,067
Capital Items	-0-	5,178
Compliance	3,760	3,760
Depreciation Expense	851	2,652
General and Administrative	29,168	275,686
Industry Communication and Database Management	48	221
Marketing	362,256	2,177,946
	<hr/>	<hr/>
Total Expenses	\$ 432,659	\$ 2,512,510
	<hr/>	<hr/>
Change in Net Assets	\$ 31,415	(\$ 342,917)
Net Assets, Beginning	3,913,913	4,288,245
	<hr/>	<hr/>
Net Assets, Ending	\$ 3,945,328	\$ 3,945,328
	<hr/>	<hr/>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Cash Flow

For the One Month and Five Months Ended February 28, 2018

	<u>One Month</u>	<u>Five Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 474,860	\$ 2,155,151
Cash Received from Interest Earned	4,361	13,903
Cash Paid for Operating Expenses	<u>(426,732)</u>	<u>(3,311,153)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 52,489</u>	<u>(\$ 1,142,099)</u>
Cash Flows From Investing Activities:		
Purchases of Property, Plant, and Equipment	<u>(\$ 10,712)</u>	<u>(\$ 41,542)</u>
Net Cash Used by Investing Activities	<u>(\$ 10,712)</u>	<u>(\$ 41,542)</u>
Net Increase (Decrease) in Cash	\$ 41,777	(\$ 1,183,641)
Cash, Beginning of Period	<u>3,878,352</u>	<u>5,103,770</u>
Cash, End of Period	<u><u>\$ 3,920,129</u></u>	<u><u>\$ 3,920,129</u></u>
Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Increase (Decrease) in Net Assets	\$ 31,415	(\$ 342,917)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used by Operating Activities:		
Depreciation Expense	850	2,652
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	15,686	-0-
(Increase) Decrease in Security Deposit	-0-	(400)
Increase (Decrease) in Accounts Payable	1,396	(807,764)
Increase (Decrease) in Payroll Tax Payable	<u>3,142</u>	<u>6,330</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 52,489</u></u>	<u><u>(\$ 1,142,099)</u></u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Five Months Ended February 28, 2018 and the Year Ended September 30, 2018

	One Month Ended February 28, 2018		Five Months Ended February 28, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Revenue:					
2016 Assessment Income - Carry Over	\$ -0-	\$ 333,333	\$ 1,048,445	\$ 1,666,667	\$ 4,000,000
2017 Assessment Income	459,174	522,667	1,106,706	2,613,333	6,272,000
Interest Earned	4,361	3,917	13,903	19,583	47,000
Other Income	539	250	539	1,250	3,000
Total Revenue	\$ 464,074	\$ 860,167	\$ 2,169,593	\$ 4,300,833	\$ 10,322,000
Expenses:					
Administration and Program Support:					
General and Administrative:					
Salaries and Benefits	\$ 12,618	\$ 28,750	\$ 25,237	\$ 143,750	\$ 345,000
Employee Benefits	-0-	3,333	-0-	16,667	40,000
Payroll Texas	984	2,500	2,015	12,500	30,000
Professional Services and Fees	-0-	3,750	5,203	18,750	45,000
Staff Travel	720	3,750	11,215	18,750	45,000
Accounting Services	3,136	3,333	8,961	16,667	40,000
Rent and Utilities	2,670	2,917	13,747	14,583	35,000
Contract Labor	5,448	1,083	94,104	5,417	13,000
Telephone/Internet/Mobile	1,173	833	2,098	4,167	10,000
Office Expenses General	1,930	542	5,891	2,708	6,500
Subscriptions/Conference Registrations/Dues	459	417	459	2,083	5,000
Fidelity Bond Insurance	-0-	333	1,884	1,667	4,000
Maintenance/Repairs	-0-	292	-0-	1,458	3,500
Executive Search Firm Fees	-0-	10,417	104,800	52,083	125,000
Depreciation Expense	851	-0-	2,652	-0-	-0-
Miscellaneous	31	167	74	833	2,000
Total General and Administrative	\$ 30,020	\$ 62,417	\$ 278,340	\$ 312,083	\$ 749,000
APC Expenses:					
Council Travel	\$ 12,335	\$ 13,333	\$ 20,088	\$ 66,667	\$ 160,000
Meetings Expenses	23,347	2,917	24,738	14,583	35,000
Working Group and Committee Expense	894	2,000	2,181	10,000	24,000
D&O Insurance	-0-	250	59	1,250	3,000
Economic Demand Study	-0-	2,083	-0-	10,417	25,000
Total APC Expenses	\$ 36,576	\$ 20,583	\$ 47,066	\$ 102,917	\$ 247,000
Compliance:					
Sheller/Handler Visits and Audits (Contracted)	\$ -0-	\$ 8,500	\$ -0-	\$ 42,500	\$ 102,000
Compliance Travel	-0-	4,583	-0-	22,917	55,000
GAGAS Audit	30	2,500	30	12,500	30,000
Records and Accounting	-0-	833	-0-	4,167	10,000
Printing/Forms/Postage	3,729	417	3,729	2,083	5,000
Total Compliance	\$ 3,759	\$ 16,833	\$ 3,759	\$ 84,167	\$ 202,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Five Months Ended February 28, 2018 and the Year Ended September 30, 2018

	One Month Ended February 28, 2018		Five Months Ended February 28, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Data and Statistics:					
NASS Crop Estimates	\$ -0-	\$ 11,250	\$ -0-	\$ 56,250	\$ 135,000
Consulting and Research - Contractor	-0-	18,750	-0-	93,750	225,000
Total Data and Statistics	\$ -0-	\$ 30,000	\$ -0-	\$ 150,000	\$ 360,000
Industry Communication and Database Management:					
Salaries and Benefits (One-Half Employee)	\$ -0-	\$ 3,500	\$ -0-	\$ 17,500	\$ 42,000
Database Program/Website Management/Website Maintenance	48	1,667	221	8,333	20,000
Total Industry Communication and Database Management	\$ 48	\$ 5,167	\$ 221	\$ 25,833	\$ 62,000
Total Administrative and Program Support	\$ 70,403	\$ 135,000	\$ 329,386	\$ 675,000	\$ 1,620,000
Capital Items:					
Computer/Phone Systems/Furniture/Build-out	\$ -0-	\$ 3,333	\$ 5,178	\$ 16,667	\$ 40,000
Total Capital Items	\$ -0-	\$ 3,333	\$ 5,178	\$ 16,667	\$ 40,000
Research and Marketing:					
Research:					
Funding Request	\$ -0-	\$ 31,250	\$ -0-	\$ 156,250	\$ 375,000
Total Research	\$ -0-	\$ 31,250	\$ -0-	\$ 156,250	\$ 375,000
Marketing:					
Weber Shandwick 2017 - Expenses Not Yet Invoiced or Paid	\$ -0-	\$ 80,333	\$ 513,710	\$ 401,667	\$ 964,000
Weber Shandwick 2018 - Projected Expenses	362,256	416,667	1,652,328	2,083,333	5,000,000
Unallocated or Available for Carry Over into 2019	-0-	98,000	-0-	490,000	1,176,000
International Marketing	-0-	41,667	-0-	208,333	500,000
Database Portal Development Website	-0-	3,750	-0-	18,750	45,000
Salaries and Benefits (One-Half Employee)	-0-	3,500	-0-	17,500	42,000
Printing and Design/Other	-0-	2,500	-0-	12,500	30,000
Immersion Tours	-0-	2,500	11,908	12,500	30,000
Total Marketing	\$ 362,256	\$ 648,917	\$ 2,177,946	\$ 3,244,583	\$ 7,787,000
Total Research and Marketing	\$ 362,256	\$ 680,167	\$ 2,177,946	\$ 3,400,833	\$ 8,162,000
Total Expenses	\$ 432,659	\$ 818,500	\$ 2,512,510	\$ 4,092,500	\$ 9,822,000
Change in Net Assets	\$ 31,415	\$ 41,667	(\$ 342,917)	\$ 208,333	\$ 500,000

See Accountants' Compilation Report.



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

American Pecan Council

Compiled Financial Statements

For the One Month and Six Months Ended March 31, 2018

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ARMSTRONG, BACKUS & CO., LLP
Certified Public Accountants

To the Board of Directors of
American Pecan Council

ACCOUNTANTS' COMPILATION REPORT

Management is responsible for the accompanying financial statements of American Pecan Council (a nonprofit organization), which comprise the statement of financial position as of March 31, 2018 and the related statements of activities and cash flows for the one month and six months then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Supplementary Information

The supplementary information included in the operating budget for the one month and six months ended March 31, 2018 and the year ended September 30, 2018 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

We are not independent with respect to the American Pecan Council.

Armstrong, Backus & Co., L.L.P.

San Angelo, Texas
April 9, 2018

An independently owned member
RSM US Alliance



AMERICAN PECAN COUNCIL
Statement of Financial Position

As of March 31, 2018

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 4,912,041
	<hr/>
Total Current Assets	\$ 4,912,041
	<hr/>

Fixed Assets:

Property, Plant, and Equipment	\$ 49,169
Accumulated Depreciation	(3,564)
	<hr/>
Total Fixed Assets	\$ 45,605
	<hr/>

Other Assets:

Security Deposit	\$ 2,400
	<hr/>
Total Other Assets	\$ 2,400
	<hr/>

TOTAL ASSETS	\$ 4,960,046
	<hr/> <hr/>

LIABILITIES AND NET ASSETS

Current Liabilities:

Payroll Tax Payable	\$ 6,330
	<hr/>
Total Current Liabilities	\$ 6,330
	<hr/>
Total Liabilities	\$ 6,330
	<hr/>

Net Assets:

Unrestricted Net Assets	\$ 4,953,716
	<hr/>
Total Net Assets	\$ 4,953,716
	<hr/>

TOTAL LIABILITIES AND NET ASSETS	\$ 4,960,046
	<hr/> <hr/>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Activities

For the One Month and Six Months Ended March 31, 2018

	<u>One Month</u>	<u>Six Months</u>
Revenue:		
Assessment Income	\$ 1,424,943	\$ 3,580,094
Donations	5	5
Interest Earned	-0-	13,903
Other Income	-0-	539
	<hr/>	<hr/>
Total Revenue	\$ 1,424,948	\$ 3,594,541
	<hr/>	<hr/>
Expenses:		
APC Expenses	\$ 9,308	\$ 56,374
Capital Items	-0-	1,696
Compliance	-0-	3,760
Depreciation Expense	819	3,425
General and Administrative	28,078	303,765
Industry Communication and Database Management	48	269
Marketing	381,835	2,559,781
	<hr/>	<hr/>
Total Expenses	\$ 420,088	\$ 2,929,070
	<hr/>	<hr/>
Change in Net Assets	\$ 1,004,860	\$ 665,471
	<hr/>	<hr/>
Net Assets, as Previously Stated	\$ 3,945,328	\$ 4,288,245
	<hr/>	<hr/>
Prior Period Adjustment	3,528	-0-
	<hr/>	<hr/>
Net Assets, as Restated	\$ 3,948,856	\$ 4,288,245
	<hr/>	<hr/>
Net Assets, Ending	<u>\$ 4,953,716</u>	<u>\$ 4,953,716</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Cash Flow

For the One Month and Six Months Ended March 31, 2018

	<u>One Month</u>	<u>Six Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 1,424,943	\$ 3,580,094
Cash Received from Donors	5	5
Cash Received from Interest Earned	-0-	13,903
Cash Paid for Operating Expenses	(433,036)	(3,740,708)
	<u>\$ 991,912</u>	<u>(\$ 146,706)</u>
Cash Flows From Investing Activities:		
Purchases of Property, Plant, and Equipment	\$ -0-	(\$ 45,023)
	<u>\$ -0-</u>	<u>(\$ 45,023)</u>
Net Increase (Decrease) in Cash	\$ 991,912	(\$ 191,729)
Cash, Beginning of Period	<u>3,920,129</u>	<u>5,103,770</u>
Cash, End of Period	<u><u>\$ 4,912,041</u></u>	<u><u>\$ 4,912,041</u></u>
Reconciliation of Increase (Decrease) in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Increase (Decrease) in Net Assets	\$ 1,004,860	\$ 665,471
Adjustments to Reconcile Increase (Decrease) in Net Assets		
to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	819	3,425
Changes in Assets and Liabilities:		
(Increase) Decrease in Security Deposit	-0-	(400)
Increase (Decrease) in Accounts Payable	(13,767)	(821,532)
Increase (Decrease) in Payroll Tax Payable	-0-	6,330
	<u>\$ 991,912</u>	<u>(\$ 146,706)</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Six Months Ended March 31, 2018 and the Year Ended September 30, 2018

	One Month Ended March 31, 2018		Six Months Ended March 31, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Revenue:					
2016 Assessment Income - Carry Over	\$ 304,961	\$ 333,333	\$ 1,345,762	\$ 2,000,000	\$ 4,000,000
2017 Assessment Income	1,119,982	522,667	2,234,332	3,136,000	6,272,000
Donations	5	-0-	5	-0-	-0-
Interest Earned	-0-	3,917	13,903	23,500	47,000
Other Income	-0-	250	539	1,500	3,000
Total Revenue	\$ 1,424,948	\$ 860,167	\$ 3,594,541	\$ 5,161,000	\$ 10,322,000
Expenses:					
Administration and Program Support:					
General and Administrative:					
Salaries and Benefits	\$ 12,618	\$ 28,750	\$ 37,855	\$ 172,500	\$ 345,000
Employee Benefits	-0-	3,333	-0-	20,000	40,000
Payroll Texas	965	2,500	2,980	15,000	30,000
Professional Services and Fees	6,750	3,750	11,953	22,500	45,000
Staff Travel	-0-	3,750	11,215	22,500	45,000
Accounting Services	2,100	3,333	11,061	20,000	40,000
Rent and Utilities	2,670	2,917	16,417	17,500	35,000
Contract Labor	1,367	1,083	95,470	6,500	13,000
Telephone/Internet/Mobile	112	833	2,210	5,000	10,000
Office Expenses General	-0-	542	5,891	3,250	6,500
Subscriptions/Conference Registrations/Dues	-0-	417	459	2,500	5,000
Fidelity Bond Insurance	-0-	333	1,884	2,000	4,000
Maintenance/Repairs	-0-	292	-0-	1,750	3,500
Executive Search Firm Fees	1,496	10,417	106,296	62,500	125,000
Depreciation Expense	819	-0-	3,425	-0-	-0-
Miscellaneous	-0-	167	74	1,000	2,000
Total General and Administrative	\$ 28,897	\$ 62,417	\$ 307,190	\$ 374,500	\$ 749,000
APC Expenses:					
Council Travel	\$ 9,308	\$ 13,333	\$ 29,395	\$ 80,000	\$ 160,000
Meetings Expenses	-0-	2,917	24,738	17,500	35,000
Working Group and Committee Expense	-0-	2,000	2,181	12,000	24,000
D&O Insurance	-0-	250	60	1,500	3,000
Economic Demand Study	-0-	2,083	-0-	12,500	25,000
Total APC Expenses	\$ 9,308	\$ 20,583	\$ 56,374	\$ 123,500	\$ 247,000
Compliance:					
Sheller/Handler Visits and Audits (Contracted)	\$ -0-	\$ 8,500	\$ -0-	\$ 51,000	\$ 102,000
Compliance Travel	-0-	4,583	-0-	27,500	55,000
GAGAS Audit	-0-	2,500	30	15,000	30,000
Records and Accounting	-0-	833	-0-	5,000	10,000
Printing/Forms/Postage	-0-	417	3,730	2,500	5,000
Total Compliance	\$ -0-	\$ 16,833	\$ 3,760	\$ 101,000	\$ 202,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Six Months Ended March 31, 2018 and the Year Ended September 30, 2018

	One Month Ended March 31, 2018		Six Months Ended March 31, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Data and Statistics:					
NASS Crop Estimates	\$ -0-	\$ 11,250	\$ -0-	\$ 67,500	\$ 135,000
Consulting and Research - Contractor	-0-	18,750	-0-	112,500	225,000
Total Data and Statistics	\$ -0-	\$ 30,000	\$ -0-	\$ 180,000	\$ 360,000
Industry Communication and Database Management:					
Salaries and Benefits (One-Half Employee)	\$ -0-	\$ 3,500	\$ -0-	\$ 21,000	\$ 42,000
Database Program/Website Management/Website Maintenance	48	1,667	269	10,000	20,000
Total Industry Communication and Database Management	\$ 48	\$ 5,167	\$ 269	\$ 31,000	\$ 62,000
Total Administrative and Program Support	\$ 38,253	\$ 135,000	\$ 367,593	\$ 810,000	\$ 1,620,000
Capital Items:					
Computer/Phone Systems/Furniture/Build-out	\$ -0-	\$ 3,333	\$ 1,696	\$ 20,000	\$ 40,000
Total Capital Items	\$ -0-	\$ 3,333	\$ 1,696	\$ 20,000	\$ 40,000
Research and Marketing:					
Research:					
Funding Request	\$ -0-	\$ 31,250	\$ -0-	\$ 187,500	\$ 375,000
Total Research	\$ -0-	\$ 31,250	\$ -0-	\$ 187,500	\$ 375,000
Marketing:					
Weber Shandwick 2017 - Expenses Not Yet Invoiced or Paid	\$ -0-	\$ 80,333	\$ 2,166,038	\$ 482,000	\$ 964,000
Weber Shandwick 2018 - Projected Expenses	381,835	416,667	381,835	2,500,000	5,000,000
Unallocated or Available for Carry Over into 2019	-0-	98,000	-0-	588,000	1,176,000
International Marketing	-0-	41,667	-0-	250,000	500,000
Database Portal Development Website	-0-	3,750	-0-	22,500	45,000
Salaries and Benefits (One-Half Employee)	-0-	3,500	-0-	21,000	42,000
Printing and Design/Other	-0-	2,500	-0-	15,000	30,000
Immersion Tours	-0-	2,500	11,908	15,000	30,000
Total Marketing	\$ 381,835	\$ 648,917	\$ 2,559,781	\$ 3,893,500	\$ 7,787,000
Total Research and Marketing	\$ 381,835	\$ 680,167	\$ 2,559,781	\$ 4,081,000	\$ 8,162,000
Total Expenses	\$ 420,088	\$ 818,500	\$ 2,929,070	\$ 4,911,000	\$ 9,822,000
Change in Net Assets	\$ 1,004,860	\$ 41,667	\$ 665,471	\$ 250,000	\$ 500,000

See Accountants' Compilation Report.



AMERICAN PECAN COUNCIL
Funding Request Protocol (FRP)
FAST TRACK – FUNDING APPLICATION REVIEW

- Documents for review - Council Meeting, April 16-17, 2018
- FRP Pre-Application Process
- FRP Standard Eligibility Criteria
- Return on Investment Summary
 - U. S. Pecan Growers Council
 - National Pecan Shellers Association – Shelf-Life Study
 - National Pecan Shellers Association – Pecan Chef Summit
 - INC Nutrition Research & Education Foundation
- FRP Panel – Conference Call Meeting Minutes – April 3, 2018
- FRP Panel – Conference Call Meeting Minutes – April 6, 2018



PRE-APPLICATION PROCESS

FRP Minimum Criteria Requirements

Initial Screening Standards

- **Operating Capital**

American Pecan Council (APC) will only fund applicants whose operating budget is not primarily dependent on APC funding.

Required Supporting Documents

- Two previous years of operating statements, budget versus actual, signed and dated.
- Previous two years balance sheet, signed and dated.
- Current year operating budget and year to date operating statements, budget versus actual and current balance sheet, signed and dated.

- **History of Collaboration**

APC desires to fund requests from entities which have a proven track record of successful collaboration with funders.

Required Supporting Documents

- Complete list of funders from the past 5 years with whom requesting applicant/entity has worked. We will use this list for the purpose of contacting references. Please provide contact name, entity, phone number and email.

- **Organizational Capacity**

APC will not fund start-up organizations or entities with no prior experience of receiving and deploying grant funds.

Required Supporting Documents

- One-page description of the history and current activities of the organization.
- Organizational chart.
- Professional biographical information and credentials for key personnel.
- Listing of other entities who might co-participate in this funding request.
- Description of the decision-making protocol for the requesting entity and a description of the ultimate final authority for decision-making (person or board)

- **Reporting, Accounting and Measurement of Impact**

It is essential that APC receive on a timely basis any requested progress reports and supporting financial reporting related to the grant.

Required Supporting Documents

- Description of the accounting software and financial reporting forms used by the applicant.
- One-page narrative from the applicant that describes their methodology for evaluating impact and "Return On Investment".

- **Special Consideration**

While APC is committed to standardizing the criteria required from all applicants for funding, there could be special circumstances for a funding applicant where the initial screening standards cannot be fully met. In such cases, APC will give consideration to such applicants.

Required Supporting Documents

- 1,000 words or less, a narrative from the pre-applicant that explains why meeting these four initial screening standards is not possible, but why there may be a case for APC to waive certain requirements.

For funding applicants who can fulfill the initial screening standards listed above, APC requires all supporting documents be formally submitted to the American Pecan Council at info@americanpecan.com or P.O 110398, Fort Worth, Texas 76185, by the required deadline for each Funding Cycle. Upon receipt and review of the required documents APC will be prepared to provide qualified pre-applicants a complete application packet. Final funding decisions will be in accordance with American Pecan Council Funding Timeline.



AMERICAN PECAN COUNCIL

Funding Request Protocol (FRP)

Standard Eligibility Criteria

INTERNAL USE ONLY

(WILL BE FORMALIZED IN FUNDING AGREEMENT AND/OR TERMS & CONDITIONS OF AGREEMENT, WHERE APPROPRIATE)

- A. American Pecan Council (APC) is prohibited by the terms of the Federal Marketing Order (FMO) from any lobbying activities at any level of government.
 - 1. If an applicant is involved in any kind of lobbying activities, they must be able to segregate any APC funding from the funding of those lobbying activities.
 - 2. If a grantee does engage in any type of lobbying, APC will require an official waiver from the organization confirming that the APC funds are in no way used for lobbying activities.
- B. APC will not grant funding to any entity who has any history of bankruptcy, any existing judgements, or liens against the organization. Such information will be disclosed by the applicant.
- C. In some cases, the result of APC funding for an organization might be the creation of economic or intellectual property value for an organization.
 - 1. APC reserves the right, on a case by case basis, to participate in part or all of an economic benefit that is the result of APC funding. These sharing arrangements will be negotiated between APC and the corresponding authority with the grantee organization.
- D. Any access to and/or use of constituent contact information, mailing lists, or any other APC proprietary information by the grantee must be approved in writing by the staff of APC.
- E. APC will apply a high level of scrutiny to any grant applicant whose research or projects creates a competitive disadvantage for pecan growers and processors in the United States.
 - 1. The Funding Request Panel reserves the right to deny a request or to place restrictions on the use of research or special projects that could result in any competitive disadvantage for the U.S. pecan industry. Placement of restrictions can occur prior to or post research.
- F. APC will require proof of general liability insurance up to two million dollars from any APC funded entity.
- G. It is the intent of APC to maximize the impact of funding grants. As a result, APC requires that no more than twenty-five percent of the funds that it commits to a grantee will be used for the purpose of overhead and/or annual operating costs of the grantee organization.
 - 1. In order to assure compliance with this criteria, APC will require a breakdown of overhead/annual operating costs prior to funding.
- H. APC reserves the right to request bylaws and/or general governing policies from the grant applicants. Specifically, areas of particular interest may include travel policy, nepotism policy, conflict of interest policy, and discrimination policy.
- I. APC will require an annual progress report to be submitted in writing from all entities who are approved for funding. APC reserves the right to request the entity provide the progress report in-person or by videoconferencing at an APC Council meeting.

RETURN ON INVESTMENT

Name of Applicant: U. S. PECAN GROWERS COUNCIL – MATCH 2018 MAP FUNDS

Amount Requested: \$732,418.00 - Amount requested is USDA/FAS allocation plus 110% matching funds amount.

Funding Application Evaluation Checklist:: Scored 58 | Possible 58

FRP Panel Recommendation to the Council: 4 in Favor | 1 Oppose

FRP Panel Recommendation – Funding Budget:: APC 2018 International Marketing Account – \$500,000
APC 2018 Marketing Unallocated Funds - \$232,418

TURKEY: \$ 153,938

CHINA: \$ 285,741

KOREA: \$ 197,350

VIETNAM: \$ 95,390

Purpose: Support of market development strategies in overseas priority markets, partnership with FAS

Amount Requested: ~~\$ 812,766~~ **Total Project Cost:** ~~\$ 812,766~~ \$ 732,418 *JD*

Project Goals: Continue successful design, implementation of marketing, promotional activities in five target markets to build demand for U.S. pecans. Focus on educational and nutritional seminars and promotions to extend awareness of pecans in these markets and increased their use.

Program Reporting. Measuring Impact

MAP is a constraint-driven program, where one or more major obstacles to growing demand in a given country is identified, and then strategies and marketing and promotional activities and designed and funded specifically to address those constraints. These activities incorporate measures intended to measure progress, all with the overarching goals of extending knowledge of pecans and expanding market opportunities for increased usage and sales.

For evaluating results of substantive activities, there are several means for assessing the soundness of underlying strategies and for evaluating results of individual projects and activities. First are reports from the USPGC's contractor/agent in each overseas market and the Country Progress Reports supplied to FAS and compiled from all available information, data, and analysis from the field.

The in-country agents are responsible for helping to design, implement and report on the various marketing and promotional activities undertaken in their respective countries. They are required to report to the USPGC quarterly on the results of those activities, with a final summary report at the end of each year. Reports include evaluations of key factors that can influence demand and help anticipate market trends, factors such as consumer preferences, product trials, and trader attitudes toward pecans and pecan products.

The reports from the field in turn form a central part of the Country Progress Reports, comprehensive reports supplied to FAS annually covering all major activities in each market during the preceding year. These reports include performance measures for evaluating the effectiveness of established strategies and activities, and whether changes need to be made in the future.

Second, in the macroeconomic sense, are the statistical record of world exports. Using the figures of the Foreign Trade Office of the Department of Commerce, the official source of international trade statistics recognized worldwide, supplemented with additional data from USDA, the USPGC tracks the overall growth of pecan exports of both shelled and in-shell in each target market. These figures are often most valuable in indicating trends, both short and long term, and in which countries exports are undergoing the strongest growth. The Country Progress Reports indicate three-year trade data, while the country marketing plans, which constitute the bulk of the application to FAS for funding assistance in the coming marketing year and which grow out of the Country Progress Reports, call for a ten-year report of export statistics, five-year previous to the current year and five years of projections after.

Timeline and Evaluation

Each of the USPGC's in-country trade representatives is tasked with evaluating the effectiveness of each promotion or event, what worked and what didn't, and why. Each supplies quarterly reports and a comprehensive report to USPGC. The content of those reports is spelled out in the underlying contracts, and include recommendations for appropriate follow up. The USPGC in turns will use these reports to prepare its own analysis of findings and recommendations to the Country Progress Reports (CPRs). These are required by FAS and will be due at the end of March 2019 and cover each target market for the year 2018. Copies of the quarterly reports will be provided to the APC, as will the final reports at the end of 2018. The USPGC's comprehensive Country Progress Reports will also be available upon completion in the spring of 2019.

RETURN ON INVESTMENT

Name of Applicant:	<i>National Pecan Shellers Association – Shelf-Life Study</i>
Amount Requested:	\$90,000 (PROJECT DATES 9/1/2018 – 3/1/2020 – Can be split in 2 payments)
Funding Application Evaluation Checklist:	Scored 58 Possible 58
FRP Panel Recommendation to the Council:	Unanimous Recommendation to Fund \$130,000
FRP Panel Recommendation – Funding Budget:	APC 2018 Research Account

Purpose: The study will determine the best storage practices for shelled and in-shell raw pecans

Amount Requested: \$ 90,000

Total Project Cost: \$ 90,000

Project Goals: By conducting a shelf-life study using rancidity development, moisture changes, physical changes and sensory evaluations while pecans are stored at different conditions in a variety of packaging types, we can determine the optimal conditions to store pecans. With new resources now dedicated to the marketing of pecans to the consumer, this study will help to ensure the best experience by the end customer. In addition, we will conduct a consumer panel to better understand how typical consumers feel about different varieties of pecans, and how they are packaged. Total project cost includes the cost of the study, managing the study (coordinating calls, samples and other logistics) and marketing the results to our member companies, growers and other industry partners.

For the research proposal, one company will be working with NPSA on executing the study:

Silliker Food Science Center, Merieux NutriSciences
3155 Payshpere Circle
Chicago, IL 60674
312-938-5151

August 2018: Planning calls between The NPSA Technical Committee and Silliker to determine sample sources (growers) and confirm timeline to begin testing.

September-October 2018: Samples collected, coordinated by NPSA staff

October 2018-April 2019: Phase 1, Phase 2, Sensory Study

April - May 2019: Research Complete and Results Reported

May 2019: Results shared with members and industry stakeholders. This includes the creation of collateral (including digital), attending industry events to share results with growers and shellers, outreach to other key stakeholders, and coordinating efforts with the APC.

Evaluation and Impact

Clear data on the shelf life of pecans combined with a sensory study can provide information critical to ensure a positive experience by the end consumer and drive pecan sales. It is expected that this data will help improve pecan handling and preservation of pecans throughout the distribution chain and deliver an optimal experience for the end customer. Once the study is complete, NPSA will provide a final report documenting recommendations for best practices for the industry.

RETURN ON INVESTMENT

Name of Applicant:	<i>National Pecan Shellers Association – Pecan Chef's Summit</i>
Amount Requested:	\$130,000 (PROJECT DATES 4/1/2018- 4/1/2019) Total Project Cost \$160,000 – NPSA will fund \$30,000
Funding Application Evaluation Checklist:	Scored 58 Possible 58
FRP Panel Recommendation to the Council:	Unanimous Recommendation to Fund \$130,000
FRP Panel Recommendation – Funding Budget:	APC 2018 Marketing Account – Unallocated Funds

Purpose: NPSA's Pecan Chef Summit series has become the industry's leading chef pecan immersion program. Leveraging NPSA's years of culinary expertise and contacts, we will host top commercial and R&D chefs from nationally renowned brands representing food service companies, hotels, and major chain restaurants for an opportunity to experience first-hand the many ways to incorporate pecans and pecan products for recipe development and commercial applications. We are proposing two events that would be hosted in 2018 and 2019.

Amount Requested: \$ 130,000 **Total Project Cost:** \$ 160,000 (NPSA contributing \$30,000)

Project Goals: The events will generate engagement with nationally renowned R&D chefs promoting the use of pecans in foods and beverages within their food service company, restaurant or hotel. In addition, the events will develop relationships with industry influencers; media relations for editorial opportunities for trade outlets (print and digital media); new photography; new original recipes and new videos.

Beginning and Ending Dates of the Project/Campaign: 4-1-2018 through 4-1-2019

Project Monitoring Impact and Evaluation Plan

The goal of each event is to educate commercial food professionals to incorporate pecans into their menus, food service operations, and increase the buying power of pecans. Each event will also generate new content including photography, videos and testimonials for multiple platforms to share with the food industry; including through websites, social media platforms (Facebook and Twitter), and editorial opportunities. NPSA will also provide a summary of key takeaways we wish for the chefs to remember. Chefs will receive a take-home package containing pecans and various marketing materials. Chefs will receive a follow-up call within a few months of the summit to discuss their current pecan usage.

Deliverables

- Develop relationships with pecan buyers and stimulate greater interest in pecans
- Develop new commercial applications of pecan products
- Engage with nationally renowned commercial and R&D chefs for major brands
- Create demand for pecans among commercial buyers
- Media Relations - Editorial for trade (print and digital media)
- New Photography (food beauty shots and candids) that can be used by NPSA, APC and other pecan organizations
- New Original Recipes for industry use
- New Videos - Business-to-Business
- Increased awareness of the Summits and the value of industry collaborative programs through promotions in newsletters, industry trades and industry presentations.

RETURN ON INVESTMENT

Name of Applicant: INC Nutrition Research & Education Foundation
Amount Requested: \$100,000 (PROJECT DATES 8/1/2017- 7/31/2018)
Funding Application Evaluation Checklist: Scored 58 | Possible 58
FRP Panel Recommendation to the Council: Unanimous Recommendation to Fund \$100,000
FRP Panel Recommendation - Funding Budget: APC 2018 Research Account

NAME OF APPLICANT: INC Nutrition Research & Education Foundation
AMOUNT REQUESTED: \$100,000 PROJECT DATES: 8/1/17 - 7/31/18
FUNDING CYCLE: Fast-Track Cycle

Purpose: To help fund research and outreach projects
Amount Requested: \$ 100,000 Total Project Cost: \$ 100,000
Project Goals: To build awareness of the nutritional benefit of free nuts through relevant research and targeted educational programs.
Beginning and Ending Dates of the Project/Campaign: 8/1/17 - 7/31/18

INC NREF Measurable Outcomes and Potential Impact

INC Nutrition Research and Education Foundation members meet quarterly, and minutes are distributed. In addition, Maureen Ternus sends out project updates throughout the year.

Research Projects

Research projects are published in major peer-reviewed professional journals which in turn are publicized to the media and health professionals.

Publicity

- All media PR activities are measured with media trackers that include total impressions/circulations.
- Social media activities are measured via engagement and reach among active followers; and via re-tweets on twitter.
- Exhibits are evaluated by the number of materials/samples distributed at meetings, as well as the number of attendees who request to be added to the INC NREF digital mailing list. These subscribers then receive eblasts about new studies, etc.

Outreach

INC NREF often provides comments on a number of nutrition/policy issues including labeling, the Dietary Guidelines, etc. Effectiveness of these projects is often based on whether the desired change or outcome has been reached.



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Deborah Walden-Ralls, Chairman, called to order a conference call meeting of the Funding Request Panel, April 6, 2018, 3:00 pm CST.

Roll called.

FUNDING REQUEST PANEL MEMBERS:

Deborah Walden-Ralls - Present

Scott Landgraf - Present

Angie S. Ellis - Present

Leslie Daviet II - Present

Larry Willson - Present

Mike Adams – Not Present

John Heuler - Present

Karen Crow - Present

Also present on the call Emma Garner, American Pecan Council.

Deborah Walden-Ralls welcomed discussion for the application from INC Nutrition Research & Education Foundation, \$100,000. Angie Ellis inquired about all applicants being held to the same standard. Karen Crow, Acting Executive Director, explained every applicant must meet the same standards and all applicants will be vetted according the protocol approved at the January 2018 APC meeting. Les Daviet reassured the intention of the protocol was to keep a level playing field. Angie Ellis inquired whether everyone would go through a soft audit like USPGC and it was noted every applicant/recipient would be subject to the approved protocol.

Scott Landgraf motioned to fully fund the INC Nutrition Research & Education Foundation application in the amount of \$100,000; seconded by Larry Willson. There was discussion which account the panel would recommend the funds come from on the APC approved budget. Angie Ellis made the recommendation for the funds to come out of the Research account budget; seconded by Deborah Walden-Ralls; Motion unanimously approved.

Deborah Walden-Ralls opened discussion on the application from National Pecan Shellers Association – Pecan Shelf Life Study, \$90,000. Angie Ellis expressed she is in favor and would recommend funding this application. John Heuler expressed concern about the metrics and outcome of the study. He stated it is difficult to determine if the study is for research or marketing. Angie Ellis stated the funds for marketing or the consumer research portion could be

backed out in parts APC chooses not to fund. Scott Landgraf acknowledged and validated John Heuler's statement. Scott Landgraf stated each application should be vetted off the entire package and either accept or reject, according to application and project summary. Karen Crow explained the spring cycle for applications is currently open. Les Daviet stated the importance of research on shelf life to determine a standard to ensure quality of pecans. Deborah Walden-Ralls stated this study would help set guidelines on how to store pecans. John Heuler acknowledged the funding is over a two-year period.

John Heuler motioned to recommend funding the National Pecan Shellers Association (NPSA) – Pecan Shelf Life Study, \$90,000. He recommended the application be funded from the Research account budget; seconded by Scott Landgraf. No discussion; Motion unanimously approved.

Deborah Walden-Ralls opened discussion for the National Pecan Shellers Association – Chef's Summit, \$130,000. Larry Willson inquired about Weber Shandwick, APC marketing team, and the NPSA Chef's Summit. Angie Ellis noted Weber Shandwick has already been handling these efforts. Larry Willson expressed concern on the duplications of efforts. Karen Crow informed the Panel that every month, Weber Shandwick and APC staff has a call with NPSA Executive Director, Emily Connor, and Kellen staff, to share current marketing efforts and collaborate on utilizing and sharing collateral pieces with each other and avoid duplicating efforts. Scott Landgraf inquired about continued efforts being coordinated with Weber Shandwick. Angie Ellis asked if chef events were already part of the Weber Shandwick approved SOW. Karen Crow explained the only event has been the FNCE event, with RD's and nutritionists. Karen assured APC is in constant contact with Weber Shandwick and they would continue to communicate and work to provide best use of the dollars and not duplicate efforts with NPSA. Scott Landgraf stated he approved and would recommend the Chef's Summit if there is not duplication of efforts. Deborah Walden-Ralls explained the ability to put in place stipulations. John Heuler stated the more marketing APC can get with the marketing dollars, the better APC would be;

Scott Landgraf made the motion to recommend funding the National Pecan Shellers Association – Chef's Summit, \$130,000, out of the Marketing Unallocated Funds budget; seconded by John Heuler. No discussion; Motion unanimously approved.

Deborah Walden-Ralls opened discussion regarding U. S. Pecan Growers Council (USPGC) – Match 2018 Map Funds, \$732,418. She stated USPGC changed the proposed budget from their first submission. She stated their submission was separated into five countries, detailing the budget for each country. Angie Ellis motioned \$500,000 be funded from the Marketing budget, International Marketing account, and the balance of \$232,418 be funded from the Marketing budget, Unallocated Funds account. There was discussion and questions about funding administrative costs. Karen Crow summarized and answered the questions regarding the

Funding Request Protocol (FRP) Standard Eligibility Criteria on funding administrative costs. She stated by USPGC separating the funding by country and providing a detailed budget, that each project falls below the 25% allowable administrative costs as outlined in the FRP Standard Eligibility Criteria, "G". John Heuler inquired and expressed his concerns about supporting marketing efforts in Vietnam. Deborah Walden-Ralls explained the Market Access Program (MAP) funding involves going into new potential markets. Angie Ellis stated Vietnam has sophisticated pastry schools and the potential is for business to business, rather than business to consumer. John Heuler clarified that most pecans going into Vietnam, go straight to China. Angie Ellis stated USPGC has been scrutinized immensely. Les Daviet explained Vietnam is an expanding market. He stated if it does not work out, USPGC would move to another country that would facilitate marketing exposure. Karen Crow noted USPGC's discussion concerning funding Vietnam at the recent USPGC/APC meeting in Georgia and detailed comments.

Angie Ellis motioned to fund the full amount of U. S. Pecan Grower's Council – Match 2018 Map Funds application, \$732,418, \$500,000 from Marketing Budget, International Marketing and the additional funds \$232,418 from Marketing, Unallocated Funds. Discussion opened. John Heuler stated he did not want his name attached to a recommendation to fund marketing efforts in Vietnam. He noted that he does approve of the other countries being funding, but he could not support APC funds being allocated towards the Vietnam market. The motion was seconded by Larry Willson. Motion carried, 4 in favor, 1 opposed.

Deborah Walden-Ralls entertained a motion to adjourn. Angie Ellis motioned to adjourn the Funding Request Panel conference call meeting; seconded by John Heuler; unanimously approved. Motion passed. Funding Request Panel conference call meeting adjourned at 4:00 pm, CST.



Deborah Walden-Ralls, Chairman

____ April 11, 2018 ____

Date


John Heuler

____ April 12, 2018 ____

Date



Karen Crow, Acting Executive Director, called to order a meeting of the Funding Request Panel via phone conferencing at 1:00 PM CST on April 3rd, 2018. Roll called by Emma Garner, American Pecan Council at 1:00 PM CST.

FUNDING REQUEST PANEL MEMBERS:

Mike Adams – Chairman - Present

John Heuler - Present

Angie S. Ellis - Present

Leslie Daviet II - Present

Deborah E. Walden Ralls - Present

Scott Landgraf - Present

Lawrence Willson - Present

Also present on the call Emma Garner, American Pecan Council.

Karen Crow, acting executive director introduced the election process of the Funding Request Panel chairman, secretary, and ex-officio non-voting member. She entertained discussion and nominations to fill the chairman position of the Funding Request Panel.

Angie Ellis nominated Deborah Walden-Ralls as chairman of the Funding Request Panel; seconded by John Heuler. No discussion; unanimously approved.

Karen Crow transitions to filling the Funding Request Panel's secretary position. John Heuler nominated Angie Ellis. Angie Ellis declined the position. Deborah Walden-Ralls emphasized the importance of the secretary position to eliminate discrepancies and provide the meeting minutes. Karen Crow stated the American Pecan Council staff will be available to facilitate and support the panel.

Angie Ellis nominated John Heuler as secretary of the Funding Request Panel; seconded by Deborah Walden-Ralls. No discussion; unanimously approved.

Karen Crow advised the panel that Cookie Smith, Noble Institute, was brought as a recommendation for the ex-officio member seat on the Funding Request Panel. Karen Crow stated that APC office will contact Cookie Smith to see if she is willing to serve in the ex-officio

position. Scott Landgraf highly recommended Cookie Smith based on his work relationship with her at Noble Institute. Karen Crow stated that she will update the panel as soon as she receives an answer from Cookie Smith.

Karen Crow reviewed the process of applications with the Funding Request Panel. She reiterates that they can reach out to the applicant if any clarification is needed. Angie Ellis inquired about a strategic plan to evaluate the applicants. Karen Crow explains that applicants are screened through the Initial Screening Standards document approved at the previous Council Meeting in January 2018.

Karen Crow explained the next steps to sending the application and documents to the FRP Panel. Deborah Walden-Ralls inquires about the criteria for decision making. Karen Crow reminds the Panel of the budget consideration. She explains that \$375,000 is allocated under research, \$500,000 is allocated for international marketing, and the unallocated funds that can be considered under the marketing budget. Karen Crow advised that the recommendations brought to the Council from the FRP Panel shall also include which account should fund the project(s). Les Daviet explains the Marketing Committee will determine what they want to focus on as far as research over the next years. Scott Landgraf inquired about the parameters to decide who will receive funding. John Heuler explained the purpose of the marketing order is to maintain price stability in a non-subsidized manner, to support marketing through research for areas such as nutrition and ways to improve quality in order to lower cost. John Heuler explained that all applicants will be evaluated based on how their goals align with the APC strategy. Karen Crow advised that sub-committees are developing strategy to align with the goals of APC. Deborah Walden-Ralls pointed out the importance of balancing the allocation of funds between research, nutrition, agriculture, etc.

Karen Crow explains that APC staff will be providing the FRP Panel with the evaluation checklist for each applicant. She recommended going ahead and scheduling the next two calls. Karen Crow reiterated that the final decision needed to be made by Monday, April 9, in order to have the materials dispersed to the Council Members prior to the Council Meeting in April 2018. Deborah Walden-Ralls scheduled the next conference call for Friday, April 6th, 3:00 PM CST, to discuss application review and evaluation.

Deborah Walden-Ralls motioned to adjourn at 2:03 PM CST; seconded by Angie Ellis. No discussion; unanimously carried.

Deborah E. Walden-Ralls

JL Z AH