



AMERICAN PECAN COUNCIL

**FULL COUNCIL MEETING
MINUTES**

**Wednesday
AUGUST 21, 2019
8:30 a.m. Central Time**

**HYATT REGENCY DFW
INTERNATIONAL AIRPORT
INNOVATION ROOM AB
2334 North International Parkway
DFW Airport, TX 75261**

MINUTES

I. CALL TO ORDER

Chairman Mike ADAMS called the meeting of the General Council to order at 8:32 a.m. The following Council members were in attendance:

REGION	SEAT	MEMBER	ALTERNATE
Eastern Grower	1	X - Buck A. PAULK	Angie ELLIS
Eastern Grower	2	X - Trent MASON	Randy Hudson
Eastern Grower	3	X - Molly WILLIS	
Eastern Sheller	1	Jeff Worn	X - Adam Harrell
Eastern Sheller	2	X - Lawrence WILLSON	
Central Grower	1	X - Mike ADAMS	Jennifer IVEY
Central Grower	2	X - Michael L. SPRADLING	Lalo MEDINA
Central Grower	3	Billy Scott LANDGRAF	
Central Sheller	1	X - Daniel J. ZEDAN	
Central Sheller	2	X - William D. YORK, Jr.	
Western Grower	1	X - Louie J. SALOPEK	Frank SALOPEK
Western Grower	2	X - G.L. STRALEY	Leslie L. DAVIET II
Western Grower	3	X - Phillip ARNOLD	John HEULER
Western Sheller	1	Bruce CARIS	X - Deborah RALLS
Western Sheller	2	X - Sonja ROEDER	
Accumulator		X - J.B. EASTERLIN	
Public		VACANT	X - Ron HAYS

STAFF:

Alexander J. OTT	-	American Pecan Council
Jeff SMUTNY	-	American Pecan Council
Emma GARNER	-	American Pecan Council
Julianna KECK	-	American Pecan Council
Deborah BARNETT	-	American Pecan Council

OVERSIGHT:

Abby CAMPOS	-	USDA
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Having received a sufficient number of Council members a quorum was established. An "X" identifies those that will be voting members of the meeting.

B. Approval of Previous Minutes

The previous minutes were reviewed and updated.

- MOVED by Louie SALOPEK, duly seconded by GL STRALEY and unanimously carried THAT the Minutes of April 10, 2019 be approved as amended. **(MOTION 8-21-2019 #1)**

C. Chairman Update

Chairman ADAMS discussed the committee's process and how the committee process works.

Chairman Adams also discussed the purpose of the American Pecan Council! The purpose of an FMO is to increase the demand of pecans. Deliver wholesome, healthy, quality product to consumers and it is very important to remember that as issues and programs are considered.

Chairman ADAMS thanked the Council Committee Chairmen and Chairwomen for all of their work. He also thanked all the Council members for their time and work, as outlined in the Strategic Plan. The Council meeting will go more efficiently because of the work of our committees. He thanked the APC staff and Chairman Adams thanked and recognized Deborah Barnett, Emma Garner and Julianna Keck for all their hard work.

II. GOVERNANCE COMMITTEE – Mike Adams, Chairman

A. Financials

Armstrong Backus oversees the financials of the APC.

Treasure GL Straley presented the revised financial report.

- MOVED by Phillip ARNOLD, duly seconded by Deborah RALLS and unanimously carried THAT the Council approve the financial report presented. **(MOTION 8-21-2019 #2)**

B. Increase Credit Card Limit

With more activities and projects, the credit card limit for activities at \$35,000 is insufficient. In fact, in some months, with Council meetings, travel, and office activities, some of these expenses will exceed the \$35,000 credit. First Financial (the APC's bank) has suggested to increase the card line to \$50,000. This will provide enough credit for the APC to conduct business in busy months, without the worry of having the credit exceed its limit.

Currently, the Council's Credit Card internal control policy reads:

VII. Credit Cards

b) Maximum limit on the card will be \$20,000 for Executive Director and \$10,000 for Director of Compliance and Regulatory Affairs, \$5,000 for Director of Grower Relations, and \$5,000 for Director of Marketing.

The proposed recommendation would change the card amounts to the following:

Maximum limit on the card will be \$25,000 for Executive Director and \$15,000 for Director of Marketing, and \$10,000 for Director of Industry Relations.

This change increases the amounts authorized, while properly placing the amounts with the appropriate staff titles.

The Governance Committee passed unanimously a recommendation to increase the credit card limit as presented.

- MOVED by GL STRALEY, duly seconded by Dan ZEDAN and unanimously carried THAT the Council increase the credit card limit from \$35,000.00 to \$50,000.00 for the office. (MOTION 8-21-2019 #3)

C. Approval of Budget 2020 Budget

Each year, the Council must approve a budget. This portion of the budget focuses on the General Administration and Compliance portions of the APC budget.

G&A	\$1,386,000
Compliance	\$ 346,000
TOTAL	\$1,732,000

G&A includes staff, accounting, financials, travel for Council and office, insurance, supplies, maintenance, printing, IT, software, subscriptions, rent and misc. This is an increase of \$11,700 from the previous year. Compliance is \$346,000. This is an increase of \$121,000 as we will be conducting two years' worth of reviews under the old form system. This will bring the Council review program in line with the new electronic system, while getting the reviews up to date with the proper fiscal year.

The Governance Committee approved the recommendation unanimously.

- MOVED by GL STRALEY, duly seconded by Trent MASON and unanimously carried THAT the Council approve the 2019-2020 General Administration and Compliance Budget. (MOTION 8-21-2019 #4)

D. Approval of Policies for 2019 – 2020

As part of an USDA Federal Marketing Order, permission from the USD is required in order to seek the help of outside counsel. Should the APC need to use outside counsel for any reason during the year, a Council meeting would have to be conducted to obtain permission from the APC to seek outside counsel and then requested to USDA. This action already seeks permission from APC, should outside counsel be needed during the next fiscal year. This is a proactive step and may or may not be needed. It is very common for an FMO to have the permission from the Council instead of calling for a special meeting.

Additionally, in an effort to transfer budget items within the budget, the Executive Director may do so, provided there is oversight by the Chairman. Otherwise, a Council meeting would have to be called for each and every potential line item change. Last year, the Council established the precedent to allow the approval of the line item transfers with oversight by the Chairman. This action will be needed, unless put into policy, each year.

Furthermore, there are times when projects or programs that were approved for funding will not be completed within the approved fiscal year. As a result, an approval for no-cost extensions is needed. Otherwise, the Council would have to approve and USDA reauthorize the project currently under way. This action allows the Executive Director to approve no-cost extensions, with oversight by the Chairman, to allow the project to be completed, provided that there are no additional funds needed. Should additional funds be needed, then the project would have to be brought back before the Council.

Lastly, in order to start a project at the beginning of the APC fiscal year, reserve dollars are needed as assessment dollars have not been received for the 2019-2020 YR. Therefore, in order to ensure that projects are started on time and no deadlines are missed, reserved dollars must be used to start the projects. These dollars are returned to the reserve, once assessment dollars are received for the fiscal year. The Council needs to authorize the use of its reserves in order to ensure that all projects and bills are paid on time until assessment dollars are received.

All four of these items were recommended unanimously by the Governance Committee.

- MOVED by John HEULER, duly seconded by Larry WILLSON and unanimously carried THAT the Council approve:
 - a. Legal Counsel for Employee Related Activities and Contracts
 - b. Line Item Transfers
 - c. No-Cost Extensions
 - d. Use of Reserve Funds
- (MOTION 8-21-2019 #5)

III. MARKETING COMMITTEE – Bruce Caris, Committee Chairman

A. Approval of 2019 – 2020 Proposed Marketing Activities

The Marketing Committee deliberated over various marketing projects over the past year. The Committee was in unanimous agreement on funding the following projects: Weber Shandwick \$2,800,000, iHeart Media/Digital Magnet \$1,200,000, Aspire IQ \$280,000, Eat Well Global \$270,000, NPSA Chef's Summit \$160,000, Health Research \$150,000, Learfield IMG \$100,000, Nielsen Research \$41,590. Of these total amounts, \$400,000 for iHeart Media/Digital Magnet, \$100,000 for Learfield IMG, \$41,590 Nielsen Research or equivalent, \$40,000 Eat Well Global will be funded from the 2018/19 fiscal year.

- MOVED by Trent MASON, duly seconded by Louie SALOPEK, and unanimously carried THAT the Council approve the 2019-2020 Marketing Committee Budget of \$5,001,590 of which \$581,590 will be funded with unused budgeted and contingency funds from the 2018/19 fiscal year and \$4,420,000 will be funded through assessment, contingency and reserve funds from the 2019/2020 fiscal year. (MOTION 8-21-2019 #7)

B. Approval of Marketing Policy Statement for 2019 – 2020

Each year, the Council must adopt a Marketing Policy Statement. The purpose of the Marketing Policy Statement is to outline the activities of the Council for the upcoming year to industry, as well as USDA. Based on available information, statistics, and industry feedback, the Council's MPS identifies areas of focus and promotion. The MPS must also follow several USDA points as outlined in the Federal marketing order.

- MOVED by Dan ZEDAN, duly seconded by Larry WILLSON and unanimously carried THAT the Council approve the 2019-2020 Marketing Policy Statement as amended. (MOTION 8-21-2019 # 8)

IV. INTERNATIONAL COMMITTEE – JB Easterlin, Committee Chairman

A. Approval of 2019 – 2020 International Committee Budget

The International Committee deliberated over various projects over the past year. The Committee was in unanimous agreement on funding the proposed projects. All projects are in line with the marketing order's strategic plan. This proposed budget level is at a considerable saving versus last year's funding of approximately \$790,000.

- MOVED by Louie SALOPEK, duly seconded by Dan YORK and unanimously carried THAT the Council approve the 2019-2020 International Committee Budget of \$400,000 of which \$165,000 will fund USPGC to manage China, Korea and Southeast Asia marketing efforts, \$95,000 will fund Callanan and Callanan to draft the Unified Export Strategy and any Emerging Market proposals and \$40,000 will fund APC travel. (MOTION 8-21-2019 #9)
- MOVED by J.B. EASTERLIN, duly seconded by Sonja ROEDER and unanimously carried THAT the Council approve the authority given to the International Committee for the selection of Request for Proposals (RFP). (MOTION 8-21-2019 #10)

V. GRADES AND STANDARDS COMMITTEE – Larry Willson, Committee Chairman

A. Approval of 2019 – 2020 Grades & Standards Budget

The following is the projected budget for the 2019-2020 FY. These costs will cover many upcoming activities, including: association sponsorships, communication materials, staff travel, workshops, and other necessary industry materials.

2019-2020 BUDGET

Grades & Standards

Quality Assurance Program	-	\$82,000
Research Contingency	-	\$100,000
Travel	-	\$20,000
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TOTAL	-	\$202,000

2018-2019 BUDGET

Grades & Standards

Research Contingency	-	\$100,000
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TOTAL	-	\$100,000

Last year, the Council approved a Standardization budget of \$648,000. There will be a decrease of \$446,000 from the previous year due to restructure of line items. Last year, the budget included Electronic Reporting Form Platform and the annual NASS study funds which have been reallocated to the Industry Relations Committee budget. The budget also includes a reallocation of contingency fund line item from the 2018-2019 FY budget for industry research regarding grades & standards.

- MOVED by GL STRALEY, duly seconded by Trent MASON and unanimously carried THAT the Council approve as amended, the Grades & Standards Committee budget for the 2019-2020 FY. **(MOTION 8-21-2019 #11)**
- MOVED by Phillip ARNOLD, duly seconded by Louie SALOPEK and unanimously carried THAT the Council approve the authority given to the Grades and Standards Committee for selections of Request for Proposals (RFP). **(MOTION 8-21-2019 #12)**

B. Approval of Revised Inshell Standards

The Council recently approved revised shelled meats standards to submit to USDA for approval. USDA has requested that if we are going to submit revised inshell standards, we submit both the revised inshell and shelled meats standards as a package. On June 24, 2019, APC staff sent an email to all Council Members and alternates requesting comments and feedback regarding the matter of revising the current inshell standards. The feedback has been outlined below.

- A Council member suggested including additional language in the Inshell standards regarding imported pecans.
- A Council member suggested that the inshell standards be in alignment with the proposed kernel standards recently approved by the Council.
- A Council member provided feedback with regards to the names of the different sizes such as replacing "oversized" to something like "giant", and revising various size categories, specifically nuts per pound.

Currently, the inshell standards will remain voluntary. If the Council approves the revised Inshell standards, APC will submit both the revised inshell and shelled meats standards as a package to USDA.

- MOVED by Dan ZEDAN, duly seconded by J.B. EASTERLIN and unanimously carried the Council approve the revised inshell standards as recommended by the committee. **(MOTION 8-21-2019 #13)**

VI. INDUSTRY RELATIONS COMMITTEE – Deborah Ralls, Committee Chairwoman

A. Approval of 2019 – 2020 Industry Relations Budget

The following is the projected budget for the 2019-2020 FY. These costs will cover many upcoming activities, including: association sponsorships, communication materials, staff travel, workshops, and other necessary industry materials.

2019-2020 BUDGET

Compliance

Compliance Materials	-	\$5,000
Workshops	-	\$5,000

Industry Relations Activities

Communication Materials	-	\$72,000
Annual Report	-	\$8,000
Handler Portal Maintenance	-	\$10,000
Association Sponsorships	-	\$70,000
Meltwater	-	\$6,5000
Travel	-	\$50,000
WS – Field Activities	-	\$152,500

Industry Research

Land IQ	-	\$152,500
NASS	-	\$109,000

Production, Disposition and Income (PDI) Survey

TOTAL - \$888,000

2018-2019 BUDGET

Industry Relation Activities

No Cost Extension – Fishhook	-	\$90,000
NASS December Crop Estimate	-	\$150,000

Last year, the Council approved an Industry Relations budget of \$880,000. This will be an increase of \$8,000 from the previous year. It should be noted some line items have been added or reallocated to the Industry Relations budget such as association sponsorships, Land IQ projects, and the annual NASS study. The budget also includes a no cost extension for the Fishhook reporting form platform which was approved for a total of \$90,000 and the MASS December Crop Estimate which was approved for a total of \$150,000 in the 2018-2019 budget. It is important to note that no funds have been used from the budget for this project yet.

- MOVED by Dan ZEDAN, duly seconded by Ron HAYS and unanimously carried THAT the Council approve the Industry Relations Committee budget for the 2019-2020 FY. **(MOTION 8-21-2019 #6)**

VII. APPROVAL OF THE BUDGET

The Council based on the meeting's discussion will approve the 2019-2020 FY Budget.

- MOVED BY GL STRALEY, duly seconded by Phillip ARNOLD and unanimously carried THAT Council approve the 2019 - 2020 FY Budget. (MOTION 8-21-2019 #14)

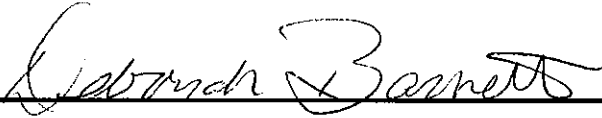
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VIII. CLOSED EXECUTIVE SESSION

No Action Taken.

IX. NEW BUSINESS

X. ADJOURNMENT

- MOVED by Dan ZEDAN, duly seconded by Buck PAULK and unanimously carried THAT the APC Council meeting be adjourned at 11:58 a.m. (MOTION 8-21-2019 #15)



Deborah Barnett, Operations Manager

SUMMARY OF ACTIONS FOR AUGUST 21, 2019

MOTION 8-21-2019 #1

MOVED by Louie SALOPEK, duly seconded by GL STRALEY and unanimously carried THAT the Minutes of April 10, 2019 be approved as amended.

MOTION 8-21-2019 #2

MOVED by Phillip ARNOLD, duly seconded by Deborah RALLS and unanimously carried THAT the Council approve the financial report presented.

MOTION 8-21-2019 #3

MOVED by GL STRALEY, duly seconded by Dan ZEDAN and unanimously carried THAT the Council increase the credit card limit from \$35,000.00 to \$50,000.00 for the office.

MOTION 8-21-2019 #4

MOVED by GL STRALEY, duly seconded by Trent MASON and unanimously carried THAT the Council approve the 2019-2020 General Administration and Compliance Budget.

MOTION 8-21-2019 #5

MOVED by John HEULER, duly seconded by Larry WILLSON and unanimously carried THAT the Council approve:

- a. Legal Counsel for Employee Related Activities and Contracts
- b. Line Item Transfers
- c. No-Cost Extensions
- d. Use of Reserve Funds

MOTION 8-21-2019 #6

MOVED by Dan ZEDAN, duly seconded by Ron HAYS and unanimously carried THAT the Council approve the Industry Relations Committee budget for the 2019-2020 FY.

MOTION 8-21-2019 #7

MOVED by Trent MASON, duly seconded by Louie SALOPEK, and unanimously carried THAT the Council approve the 2019-2020 Marketing Committee Budget of \$5,001,590 of which \$581,590 will be funded with unused budgeted and contingency funds from the 2018/19 fiscal year and \$4,420,000 will be funded through assessment, contingency and reserve funds from the 2019/2020 fiscal year.

MOTION 8-21-2019 # 8

MOVED by Dan ZEDAN, duly seconded by Larry WILLSON and unanimously carried THAT the Council approve the 2019-2020 Marketing Policy Statemen as amended.

MOTION 8-21-2019 #9

MOVED by Louie SALOPEK, duly seconded by Dan YORK and unanimously carried THAT the Council approve the 2019-2020 International Committee Budget of \$400,000 of which \$165,000 will fund USPGC to manage China, Korea and Southeast Asia marketing efforts, \$95,000 will fund Callanan and Callanan to draft the Unified Export Strategy and any Emerging Market proposals and \$40,000 will fund APC travel.

MOTION 8-21-2019 #10

MOVED by J.B. EASTERLIN, duly seconded by Sonja ROEDER and unanimously carried THAT the Council approve the authority given to the International Committee for RFP's.

MOTION 8-21-2019 #11

MOVED by GL STRALEY, duly seconded by Trent MASON and unanimously carried THAT the Council approve as amended, the Grades & Standards Committee budget for the 2019-2020 FY.

MOTION 8-21-2019 #12

MOVED by Phillip ARNOLD, duly seconded by Louie SALOPEK and unanimously carried THAT the Council approve the authority given to the Grades and Standards Committee for RFP's.

MOTION 8-21-2019 #13

MOVED by Dan ZEDAN, duly seconded by J.B. EASTERLIN and unanimously carried the Council approve the revised inshell standards as recommended by the committee.

MOTION 8-21-2019 #14

MOVED BY GL STRALEY, duly seconded by Phillip ARNOLD and unanimously carried THAT Council approve the 2019 - 2020 FY Budget.

MOTION 8-21-2019 #15

MOVED by Dan ZEDAN, duly seconded by Buck PAULK and unanimously carried THAT the APC Council meeting be adjourned at 11:58 a.m.