



## AMERICAN PECAN COUNCIL

FULL COUNCIL

WEDNESDAY

September 22, 2021

10:00 a.m. Central Time

### Zoom Meeting:

Zoom Link

<https://us02web.zoom.us/j/81187856265?pwd=dkQ2QndXd1NCOHNJcjh6VzI5aE55dz09>

or

Dial In: 1 346 248 7799

Meeting ID: 811 8785 6265

Password: 116619

### MINUTES

#### I. CALL TO ORDER – Mike Adams, Chairman

##### A. ROLL CALL

##### Eastern Region Growers

Seat	Member		Alternate	
1	Trent Mason (GA)	X	Angie Ellis (GA)	X
2	Buck Paulk (GA)	X	Brent Brinkley (GA)	X
3	Lenny Wells (GA)	X	John D. Taylor (NC)	X

##### Central Region Growers

Seat	Member		Alternate	
1	Shannon F. Ivey (TX)	X	Lalo Medina (TX)	
2	Mike Adams (TX)	X	Mike Spradling (OK)	X

3	Larry D. Womack (TX)	X	Billy Scott Landgraf (OK)	X
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**Western Region Growers**

Seat	Member		Alternate	
1	Louis J. Salopek (NM)	X	Kortney Chase (NM)	X
2	Leslie L. Daviet II (NM)	X	Frank Paul Salopek (NM)	
3	Phillip Arnold (NM)	X	John L. Heuler (CA)	X

**Eastern Region Shellers**

Seat	Member		Alternate
1	Jeff Worn (GA)	X	Vacancy
2	Lawrence B. Willson (GA)	X	Vacancy

**Central Region Shellers**

Seat	Member		Alternate	
1	Vacancy		Steve Zaffrano	X
2	Dan York (AR)	X	Vacancy	

**Western Region Shellers**

Seat	Member		Alternate	
1	Deborah E. Walden-Ralls (AZ)	X		
2	Blake Houston (CA)	X	Sonja Roeder (NM)	X

**Accumulator**

Seat	Member		Alternate	
1	Will Easterland (GA)	X	Mark Hamilton (OK)	X

**Public Member**

Seat	Member		Alternate
1	Ron Hays (OK)	X	Dr. Steve BLIZZARD (TX)

Chairman Mike ADAMS requested that Steve Zaffrano act as a voting member for the Central Region Shellers Seat 1. Mr. Zaffrano agreed.

**STAFF:**

Alexander OTT	American Pecan Council
Jeff SMUTNY	American Pecan Council
Emma GARNER	American Pecan Council
Julianna KECK	American Pecan Council
Deborah BARNETT	American Pecan Council
Kristi MOSQUERO	American Pecan Council

**OVERSIGHT:**

Abby CAMPOS	USDA
Steven KAUFFMAN	USDA
Chris NISSEN	USDA
Alex CARLY	USDA

**EASTERN REGION:**

Matthew BAILEY  
John TAYLOR  
Samantha MCLOUD

**CENTRAL REGION:**

Blair KREBS  
Scott CAMERON

**WESTERN REGION: N/A**

**GUEST:**

Bob REDDING  
Emily HADDEN

**B. ESTABLISH QUORUM**

Having received a sufficient number of Council members a quorum was established at 10:10 a.m. CST.

**C. CHAIRMAN UPDATE & EXECUTIVE DIRECTOR UPDATE**

Chairman Mike ADAMS requested a moment of reflection and remembrance of the life of Bruce CARIS, who was a huge supporter of the industry and a friend to all. Deborah WALDEN RALLS read a tribute to Bruce. Mike ADAMS sent healing thoughts and prayers to Lisa Caris and their son Bobbie.

Chairman Mike ADAMS also gave a summary of the goals of today's meeting listed under item II. GOVERNANCE COMMITTEE.

**D. APPROVAL OF PREVIOUS MINUTES**

1) August 31, 2021

**MOVED** by Les DAVIET, duly seconded by Deborah WALDEN RALLS and unanimously carried THAT the COUNCIL approve the minutes of August 31, 2021. **(MOTION 9/22/2021 #1)**

**II. GOVERNANCE COMMITTEE**

**A. ASSESSMENT CONSIDERATION FOR 2021 - 2022**

As you may know, the National Pecan Federation submitted a proposal to create a Research & Promotion (R&P) program for the pecan industry. The newly created American Pecan Promotion Board (APPB) will conduct marketing and research activities while collecting assessments from both US producers and foreign importers. As a result of the new program, it has been stated several times that the U.S. industry would not pay any additional assessments to create the program. Specifically, the U.S. industry pays three cents per pound on improved varieties and two cents for native and substandard varieties. In order to ensure

that the industry does not pay more than current US assessments, the APC would have to review and approve a lowering in the assessment rate.

In April of 2020, the APC approved to lower the assessment rate provided that the USDA would implement the APPB. Unfortunately, by the 2020 August APC meeting, USDA had yet to announce a process to implement the APPB. As a result, the APC moved forward with its current assessment of three cents on improved and two cents on native and substandard varieties.

In January, USDA announced that it would seek APPB board nominations. However, during the 2021 April APC Council meeting, the USDA had yet to establish an APPB board. The APC continued to move forward until USDA gave direction on the APPB, to ensure that the industry will continue to only pay three cents per pound on inshell for improved and two cents per pound on inshell for native and substandard.

On August 31, 2021, the APC met and approved the Council budget for the 2021 – 2022 FY. By law, it is a requirement to meet and approve the Federal Marketing Order budget by August 31. Two hours after the Council meeting, the USDA announced that it had finally appointed a board for the APPB. Furthermore, it announced that USDA and the newly formed APPB will be holding a meeting the week of September 14 to organize and approve a budget. As a result, APC scheduled a meeting the week of September 22nd to lower the APC assessment as discussed and approved in April of 2020. This meeting will amend the approved budget for first quarter expenditures. By approving a lowering of the assessment and amended budget, it will accomplish what the APC stated back in April of 2020 and emphasized in August of 2020 and April of 2021 – that once the APPB is appointed, the APC will be able to lower the assessment rate and ensure that the US industry will continue to pay the same rate under both programs, while ensuring that marketing programs Continue smoothly and seamlessly.

**MOVED** by Louie SALOPEK, duly seconded by Les DAVIET and unanimously carried THAT the Council approve a rate assessment reduction from three cents to one penny for improved varieties, and a reduction from two cents to zero cents for native and substandard varieties for the 2021 – 2022 FY (**MOTION 9/22/2021 #2**)

**B. APPROVAL OF AMENDED BUDGET**

The Council, based on the meetings discussion will approve the 2021 -2021 FY Budget.

**Projected Revenue**

<b>Projected Revenue</b>	<b>Dollars</b>	<b>% of Revenue</b>
21-22 Improved	\$3,150,000	35%
21-22 Native/Seedlings	\$0	0%
21-22 Substandard	\$0	0%
Management Fee	\$800,000	9%

2022 MAP Funding	\$1,250,000	14%
2022 EMP Funding	\$500,000	6%
Past Outstanding	\$400,000	4%
Carry Over		
- Fishhook - Research	\$67,400	
- Shelf-Life	\$100,000	8%
- Health Research	\$170,108	
	\$385,000	
Reserve Dollars	\$2,180,000 (used for 1 <sup>st</sup> Quarter Mkting)	24%
<b>TOTAL</b>	<b>\$9,002,508</b>	<b>100%</b>

### Projected Expenditures

Departments	Budget 2020 – 2021	Budget 2021 - 2022	% of Budget
Industry Relations	\$847,000	\$676,000	8%
General Administration	\$1,425,000	\$1,447,066	18%
Compliance	\$266,000	\$225,000	3%
Marketing	\$6,555,000	\$2,180,000 (1 <sup>st</sup> Q only)	27%
Grades & Standards	\$315,000	345,000	4%
International Relations	\$1,968,000	\$2,510,000	31%
Contingency	\$26,892	\$580,934	7%
Technology upgrades		Shall not exceed \$100,000	1%
<b>TOTAL</b>	<b>\$11,741,400</b>	<b>\$8,064,000</b>	<b>100%</b>

### CONTINGENCY FUND EXPENDITURES

Departments	Budget 2021 – 2022
<i>Contingency Fund</i>	
Industry Relations	\$216,000
Research	\$100,000
<b>TOTAL</b>	<b>\$316,000</b>

### NO-COSTS EXTENSIONS FOR 2020 – 2021 (Continued Projects from Current Year)

Departments	Budget 2021 – 2022
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Research	
Electronic Reporting	
Shelf-Life Study	\$67,400
Health Research	\$170,108 \$385,000
<b>TOTAL</b>	<b>\$622,508</b>

**FISCAL IMPACT:** Total expenditures as amended would be \$9,002,508. This would provide a reduced assessment at one cent for improved and zero for native and substandard. First quarter marketing activities would be covered until December 31, 2021. Beginning January 1, 2022, APPB would assume all marketing activities. Total budget includes salaries and

performance actions. Contingency and no-costs extensions total \$938,508 with an additional contingency from reserve totaling \$680,934 to begin 1<sup>st</sup> quarter activities and to ensure that there is a seamless transition between the two-organizations relating to marketing activities. It is also anticipated that an \$800,000 management fee would be paid to APC for management of the APPB program. This is calculated based on 56% of marketing activities, staff time and resources are dedicated for marketing budget and administration activities. Additionally, this would leave approximately \$2.8 million in reserve for the APC 22-23 FY. An additional \$100,000 has been set aside for the Governance Committee to bid upgrades in office technology to handle both programs.

**MOVED** by Les DAVIET, duly seconded by Larry WILLSON and unanimously carried THAT the Council, based on the meetings discussion will approve the 2021 - 2021 FY Budget. (**MOTION 9/22/2021 #3**)

On August 31, 2021, the USDA announced the appointment of the American Pecan Promotion Board (APPB). On September 15, 2021, the APPB met and approved to begin negotiations with the American Pecan Council (APC) on a management contract. The purpose of the management contract is to ensure that the industry is saving dollars by utilizing similar staff and office space, thus not duplicating activities.

Currently, the Governance Committee oversees all staff, organizational management, and financials of the APC. This action will grant authority to the Governance Committee to begin negotiations and approve a management contract with the APPB.

**MOVED** by Les DAVIET, duly seconded by Larry WILLSON and unanimously carried THAT the Council grant authority to the Governance Committee to negotiate and approve a contract with the American Pecan Promotion Board. (**MOTION 9/22/2021 #4**)

### **III. NEW BUSINESS**

N/A

### **IV. ADJOURNMENT**

**MOVED** by Shannon IVEY, duly seconded by Larry WILLSON and unanimously carried THAT the Council meeting be adjourned in the memory of Bruce CARIS at 10:59 a.m. (**MOTION 9/22/2021 #5**)

*Deborah Barnett*

*9/22/2021*

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Deborah Barnett

Date

Operations Manager

# **SUMMARY OF ACTIONS FOR SEPTEMBER 22, 2021**

## **MOTION 9/22/2021 #1**

**MOVED** by Les DAVIET, duly seconded by Deborah WALDEN RALLS and unanimously carried THAT the COUNCIL approve the minutes of August 31, 2021.

## **MOTION 9/22/2021 #2**

**MOVED** by Louie SALOPEK, duly seconded by Les DAVIET and unanimously carried THAT the Council approve a rate assessment reduction from three cents to one penny for improved varieties, and a reduction from two cents to zero cents for native and substandard varieties for the 2021 – 2022 FY.

## **MOTION 9/22/2021 #3**

**MOVED** by Les DAVIET, duly seconded by Larry WILLSON and unanimously carried THAT the Council, based on the meetings discussion will approve the 2021 - 2021 FY Budget.

## **MOTION 9/22/2021 #4**

**MOVED** by Les DAVIET, duly seconded by Larry WILLSON and unanimously carried THAT the Council grant authority to the Governance Committee to negotiate and approve a contract with the American Pecan Promotion Board.

## **MOTION 9/22/2021 #5**

**MOVED** by Shannon IVEY, duly seconded by Larry WILLSON and unanimously carried THAT the Council meeting be adjourned in the memory of Bruce CARIS at 10:59 a.m.