



## AMERICAN PECAN COUNCIL

### JULY COUNCIL MEETING

July 11, 2024

#### Minutes

#### I. CALL TO ORDER

Mr. Larry Don Womack, Chair, called the meeting of the American Pecan Council to order at 12:30 p.m. CT on July 11, 2024, after notice was properly given to the Council.

#### A. ROLL CALL

The roll was called, and the following members and guests were in attendance:

Larry Don Womack

Trent Mason

Louie Salopek

Kortney Chase

Phillip Arnold

John Heuler

Shannon Ivey

Lalo Medina

Mike Spradling

Randy Stephens

Jeff Worn

Steve Zaffarano

Jared Miller

Deborah Walden-Ralls

Will Easterlin

Justin Jones

Evo Soria

Brent Brinkley

Alex Willson

Mark Hamilton

Jennie Varela, USDA

Matthew Collins, USDA

Anne Warden, APC staff

Serena Schaffner, APC staff

Brandon Drummond, APC staff

Emma Garner, APC Staff

Kristi Mosquera, APC Staff

Gabrielle Teixeira, APPB Staff

Carl Sanders, APPB Staff



Mary Bruorton, GPGA  
Blair Krebs, TPGA  
Jim Luscombe  
Karlene Hanf  
Matthew Pautler, USDA NASS  
Vada Lucas  
Andrew Downie  
Nav Athwal  
Sally Arn  
Ann Chudy

A quorum of the Council for the meeting was confirmed.

**A. APPROVAL OF PREVIOUS MINUTES**

Mr. Womack dispensed with a reading of the Minutes from the February 13, 2024, Council Meeting as they were provided to members in advance. The Council had no changes to the Minutes and a motion was made by Mr. Larry Salopek to approve the February 13, 2024, Minutes. The motion was seconded by Mr. Brent Brinkley, and the motion passed.

**B. APPROVAL OF FINANCIAL STATEMENTS**

Mr. Womack requested a motion to approve the December 2023, January 2024, February 2024, March 2024, and April 2024 financial statements. Mr. Larry Salopek made a motion to approve the financial statements. The motion was seconded by Mr. Randy Stephens, and the motion passed.

**C. CHAIR REPORT**

Mr. Womack welcomed the Council, complimented the staff on the progress made since the last Council meeting and turned the meeting over to Ms. Warden for a CEO update.

**D. CEO UPDATE**

Ms. Anne Warden noted that the Pecan industry benefits from a Research & Promotion Program alongside the Federal Marketing Order, which enables the American Pecan Council (APC) to promote US Pecans globally. This structure allows for unique representation across the supply chain, facilitates the implementation of the Unified Pecan Promotion Plan, supports industry-wide uplift, and enables the collection of industry data and governance efforts.

Following the Council meeting on February 13, 2024, Ms. Anne Warden highlighted several accomplishments, including launching a campaign in India to introduce pecans to that market. She acknowledged support from organizations such as the National Pecan Federation, which helped reduce tariffs, allowing APC to pursue marketing initiatives.

Additionally, she discussed retail campaigns in the UK that leveraged sales-driven strategies. Ms. Warden mentioned the additional \$1 million in Federal Grants, highlighting the importance of



fostering relationships with the Foreign Agricultural Service (FAS) to demonstrate industry unification and the program's strength.

Ms. Anne Warden explained APC's strategy to transition marketing efforts in Germany and China from awareness-driven approaches to more sales-driven initiatives. She stated that APC is conducting a market assessment study in China to identify areas of focus for Pecans. Additionally, she noted that an RFP is being opened to find an agency in Germany with expertise in getting Pecans onto retail shelves. She concluded by mentioning the ongoing efforts of the staff to enhance and strengthen the industry's data collection initiatives.

Ms. Anne Warden introduced Ms. Jamilah Cassagnol, USDA FAS and Nancy Hubble, USDA FAS. Ms. Anne Warden remarked on the exceptional support provided by the Foreign Agricultural Service (FAS) to the American Pecan Council (APC) team, ensuring that APC maximizes the benefits of the funds received.

#### **E. USDA UPDATE**

Ms. Jennie Varela announced that, following the recent promotion of Ms. Abigail Maharaj, she will serve as the primary AMS marketing specialist for the American Pecan Council (APC) until a replacement is appointed.

Ms. Jennie Varela reported that the final rule for revised voluntary standards for pecans has been published in the Federal Register, acknowledging the Council's efforts in this process. She also noted that her office is actively addressing all case referrals and emphasized the commitment of both USDA and APC to provide assistance and ensure compliance with the Order.

Furthermore, Ms. Jennie Varela indicated that background statements will soon be sent to nominees for Council positions following the recent APC elections, and she encouraged prompt returns to the APC office.

Ms. Jennie Varela discussed collaboration with APC staff on the formal rule to designate all sheller seats as "at large," as recommended by the Governance Committee. Ms. Jennie Varela recommended that the Council establish a working group to reevaluate this matter to ensure that the solution effectively reduces the number of vacancies.

In closing, Ms. Jennie Varela expressed appreciation to Council members and reaffirmed USDA's commitment to continued collaboration with the industry. Mr. Larry Womack acknowledged all members who have served on the Council, including those completing their terms.

## **II. GOVERNANCE COMMITTEE**

Ms. Anne Warden remarked on the significant opportunity for enhanced collaboration between APC and APPB following the passage of the APPB referendum. She proposed forming a joint task



force composed of the APPB Executive Committee and APC Governance Committee to identify optimal strategies for resource maximization while ensuring autonomy for both organizations.

Mr. Phillip Arnold moved to establish the joint task force between the APC Governance Committee and the APPB Executive Committee. Mr. Steve Zaffarano seconded the motion. The motion passed.

Ms. Anne Warden highlighted a finding from the USDA management review conducted in late 2023, which indicated that the American Pecan Council (APC) currently has officers who are alternates rather than seated members. She recommended that the Council develop a policy allowing both members and alternates to serve as officers, considering the existing vacancies and the commitment required. Ms. Jennie Varela advised that the Bylaws should be updated to align with this recommendation.

Mr. Brandon Drummond provided an update on the FY'24 financial audit status, indicating it is nearing completion.

Ms. Anne Warden announced the commencement of compliance audits, with an update anticipated later in 2024.

She also reported that the APC recently underwent a Foreign Agricultural Service (FAS) audit covering the past five years of records. The APC office expects to receive a report soon and will communicate any findings related to previous work reimbursed through the Federal Grant programs.

Additionally, Ms. Warden discussed the proposed FY'25 E-Compliance Plan recommended by the Governance Committee, which is an annual requirement outlined in the Order. This plan details how the office manages records, conducts audits, and communicates with handlers.

### **III. GRADES AND STANDARDS COMMITTEE**

Mr. Trent Mason noted that the voluntary Quality Assurance Program (QAP) has been put on hold to reevaluate its usability. He extended gratitude to those who have served in the Grades & Standards Committee, given the complex topics being addressed.

Ms. Emma Garner reviewed recommendations from the Grades & Standards Committee, including investments in accurate crop predictions, with NASS identified as the most cost-efficient option by the Committee. She also highlighted improvements in APC's data visibility and user-friendly reporting formats. Ms. Emma Garner noted that APC staff is building out an analytic page that includes interactive graphs with an accumulative report that will be available to download.



Ms. Emma Garner provided an update on two outstanding studies funded by APC for nutrition research. She discussed the University of Georgia's Cooper Institute study, which concluded last year, analyzing the effects of consistent pecan consumption on cardiovascular function and the reduction of chronic illness risk in aging adults. She also reported on the second study conducted by the University of Colorado, which was completed and published in late June. This study examined how pecans improved overall satiety and appetite.

Furthermore, Ms. Emma Garner informed the Council that the final rule for the pecan industry's grades and standards was published on June 26th, with implementation beginning on July 26th. She outlined the communication plan to address the rapid implementation timeframe, which included a press release, a webinar, and a one-page educational handout summarizing the final rule.

Mr. Trent Mason opened the floor for comments on the updates. The Council discussed the complexity of the Quality Assurance Program (QAP) and the potential benefits of a similar program in the future. It was noted that many farms are already implementing most required practices, and there is a strong retailer interest in product sourcing. Emphasis was placed on simplifying the program and demonstrating its value to growers.

The Council discussed the feasibility of conducting the Land IQ assessment to lower costs. Further discussion included the associated costs with NASS.

Ms. Emma Garner reviewed the actions taken by the Committee for recommendation to the Full Council. The first recommendation is to allocate any unused pre-paid funds from the Quality Assurance Program (QAP) related to the remaining phases of the program for marketing initiatives, pending the Committee's determination of next steps. The second recommendation is for the Full Council to approve the proposed FY 2025 Grades & Standards budget.

#### **IV. INTERNATIONAL COMMITTEE**

Ms. Serena Schaffner presented an overview of the American Pecan Council's (APC) marketing strategy for India, emphasizing efforts to build awareness through social media, engage chefs and influencers, and ensure retail availability for consumer access to pecans.

She indicated that APC is currently reevaluating its marketing approach in China through a comprehensive McKinsey study, which aims to identify barriers, current production practices, target consumers, and effective marketing tactics. The findings will inform APC's strategy and potential partnerships for market entry.

Ms. Schaffner acknowledged Ms. Jamilah Cassagnol for facilitating connections with the Foreign Agricultural Service (FAS) in Beijing and shared details of a Reverse Trade Mission where twenty-five Chinese business buyers toured the US to learn about the pecan industry.



Regarding the German market, Ms. Schaffner noted a 3% increase in awareness and a 20% rise in purchase intent, though actual purchases remain low due to limited accessibility. To address this, APC plans to request proposals (RFP) for an agency to enhance pecan distribution.

She also provided updates on promotional activities in the UK, highlighting a successful holiday campaign at Sainsbury, which doubled purchases, and collaboration with Tesco to expand distribution to an additional 300 stores. Furthermore, APC is working with Whitworth to introduce custom pecan bags in 2,300 stores.

Finally, Ms. Schaffner reviewed the revised FY 2024 international marketing budget, noting a \$1 million allocation from RAPP funding. The Committee recommends \$333,000 for the UK and India markets in FY 2024, along with approval of the revised international budget and the proposed FY'25 budget for presentation to the full Council.

#### **V. MARKETING COMMITTEE**

Ms. Serena Schaffner provided an update on an industry survey to identify research interests in marketing and insights for APC. The survey received responses from 33 organizations. Key findings indicated a strong interest in consumer purchasing behaviors, specifically focusing on shelf life, packaging, and innovation within the snacking sector. For communications, respondents expressed a need for fact sheets, retail toolkits to guide retailers on storing and promoting pecans, as well as newsletters, webinars, and e-blasts. Regarding exports, there was interest in promotional materials tailored to specific countries for importers.

She noted that some anticipated results had already influenced the creation of influencer toolkits, Pecan Pulse newsletters, and a one-page nutrition handout highlighting the health benefits of pecans and recipe ideas.

Additionally, Ms. Serena Schaffner mentioned that the Committee reviewed the proposed FY'25 Marketing Policy Statement. She emphasized APC's commitment to enhancing retail education and fostering partnerships with existing brands to maximize the effectiveness of marketing campaigns.

Ms. Serena Schaffner also shared plans to evaluate and streamline APC's website for improved user-friendliness, noting that a website audit has been completed, with further phases expected to begin in late 2024.

She highlighted the effectiveness of the American Heart Association seal on packaging, as message testing indicated that promoting pecans as a heart-healthy food resonates strongly with consumers. This partnership has been beneficial, with some industry members leveraging licensing through APC.



Lastly, Ms. Serena Schaffner reviewed the proposed FY'25 marketing Committee budget, which was approved by the Committee.

**VI. INDUSTRY RELATIONS COMMITTEE**

Ms. Serena Schaffner provided an overview of the Committee's efforts to develop a strategy for effectively engaging pecan stakeholders, emphasizing the strength found in unity. She outlined three approaches: one-on-one interactions, small group discussions, and broader outreach to larger audiences. These methods aim not only to communicate what APC does but also to gather valuable feedback to refine their strategies.

She also mentioned the importance of attending events like the International Nut Congress to gain insights from other commodities and learn best practices that could benefit the pecan industry.

In addition, Ms. Serena Schaffner highlighted APC's presence in key industry publications, including *The Pecan Grower* and *Pecan South*, and coverage in various agricultural outlets.

Furthermore, she emphasized the APC staff's dedication and commitment to being on the ground, ensuring that APC's efforts are visible to members and that important information is consistently shared.

Mr. Justin Jones acknowledged that APC has significantly enhanced communication with growers. He noted that these improvements have fostered a more transparent and collaborative environment, allowing growers to stay better informed about industry developments and initiatives.

**VII. OLD BUSINESS**

Mr. Brandon Drummond presented the revised FY'24 budget for approval, highlighting key adjustments.

Mr. Justin Jones motioned to approve the revised FY'24. The motion was seconded by Mr. Louie Salopek. The motion passed.

**VIII. NEW BUSINESS**

Ms. Warden presented an overview of the consent agenda items, which included: approving no-cost extensions of vendor contracts with oversight by the Chair; approving line-item budget transfers with oversight from the Chair, and; authorizing Committees to select and engage with contractors/vendors to execute programs within their jurisdiction.

Mr. Frank Salopek moved to approve the three consent agenda items. The motion was seconded by Mr. Mike Spradling and was approved by the Council.



Mr. Larry Don Womack reviewed the proposed officer policy and recommended establishing a task force to update the Bylaws.

Mr. Trent Mason moved for APC to develop a task force to make any updates or changes to the Bylaws. Mr. Louie Salopek seconded the motion, and the Council approved.

Mr. Larry Don Womack discussed the proposed FY'25 E-Compliance Plan, noting one amendment from Ms. Jennie Varela regarding adding any Federal grant funds received by the Council.

Mr. Frank Salopek moved to approve the proposed FY'25 E-Compliance Plan with the amendment adding the specific grant funding programs. The motion was seconded by Mr. Louie Salopek, and the motion passed.

Mr. Larry Don Womack reviewed the proposed FY'25 Marketing Policy Statement recommended by the Marketing Committee. He noted that the USDA mandates APC to submit an annual marketing policy statement outlining projections for the upcoming fiscal year. This statement covers estimates for production volume, disappearance, variety breakdown, trade supply, inventory, and an evaluation of other competitive nut supplies.

Ms. Jennie Varela recommended including the most recent handler inventory in the Marketing Policy Statement to accurately reflect the current inventory status and a preliminary estimate of unassessed inventory. The Council expressed concerns regarding the difficulties in estimating this figure due to limitations in the Order that restrict data collection from growers. Additionally, the Council deliberated on potential updates to the Order requirements concerning the Marketing Policy Statement to better align with APC data collection.

Mr. Louie Salopek moved to approve the proposed FY'25 Marketing Policy Statement with the amendment to add the current handler inventory as of June 30<sup>th</sup>. The motion was seconded by Mr. Frank Salopek, and the motion passed.

Mr. Brandon Drummond reviewed the proposed FY'25 budget with the whole Council. The Council discussed the topic of budgeting crop forecasting tools and concerns with voluntary surveys conducted by NASS.

Mr. Trent Mason reminded the Council that the Grades & Standards Committee recommended the budget including the NASS line item to the full Council for approval.

Mr. Trent Mason moved to approve the proposed FY'25 Council budget, with an amendment to remove the line item for NASS while retaining the Grades & Standards budget. He also suggested that the Committee explore the next steps for industry crop forecasting and report their





recommendations to the Council. The motion was seconded by Mr. Steve Zaffarano and subsequently passed.

Ms. Anne Warden reviewed the Grades & Standards Committee's recommendation to refund all prepaid funds from Pinion and to reallocate these funds to marketing initiatives. This reallocation will be maintained until the Council makes further decisions regarding the Quality Assurance Program initiatives.

Mr. Mike Spradling moved to approve the allocation of the returned unused Pinion funds toward marketing activities. The motion was seconded by Mr. Frank Salopek and was subsequently approved.

**IX. EXECUTIVE SESSION**

**X. ADJOURNMENT**

There being no further business, Mr. Larry Don Womack adjourned the meeting at 3:00 p.m. CT.

Respectfully submitted,

Trent Mason, Secretary

Approved after review of the Board and USDA:

Larry Don Womack, Chair