

PENNSYLVANIA APPLE PROGRAM BOARD MEETING
Minutes of November 8, 2022 MS TEAMS Virtual Board Meeting

Public notice of the November 8, 2022 Pennsylvania Apple Program Board Meeting was given as stipulated by the Sunshine Law.

CALL TO ORDER

David Peters, Chairman, called the meeting to order at 9:01 a.m. Board members in attendance included Ellie Vranich, Treasurer; Mark Boyer; Benjamin Keim; Gary Faulkner; Carolyn McQuiston.

Also present: Patrick Andrews, Chief of Marketing Development, PDA; Lindsay Young, Senior Manager, McKonly and Asbury, CPAs; Holly Zarefoss, Administrative Assistant for Commodities; Jenny Groff, Clerical Assistant; Jordan King, Deputy Legislative Director, PDA; Adam Morris, Esquire, Chief Counsel.

Those in attendance introduced themselves for new Board member, Benjamin Keim. Jenny Goff was introduced as the new Clerical Assistant.

APPROVAL OF MEETING MINUTES

RESOLUTION 2022.13-APPROVAL OF MINUTES

Presented by: Mark Boyer

Seconded by: Ellie Vranich

Passed: Unanimously

To approve the July 15, 2022 meeting minutes.

REVIEW FINANCIALS

Lindsay Young, McKonly and Asbury, CPAs presented financial information. Board members were referred to the Profit and Loss, Profit and Loss Budget vs. Actual Reports for further discussion.

ASSESSMENTS/AUDITS

Holly Zarefoss, Clerk 2/Administrative Assistant for Commodities, noted that Jenny Groff would be doing the Assessment/Audit reports starting with the next meeting.

Members were brought up to date with regard to the Apple Assessment Report as of October 31, 2022 and the totals paid for 2020, 2021 and 2021 assessments as of November 8, 2022. The Apple Assessment Report as of June 30, 2022 included totals paid for the 2020 and 2021 assessments and the 2019, 2020, 2021 fresh and processing bushel amounts. Board members

had questions. Ms. Zearfoss was requested to provide the list of processors for discussion later on in the meeting. There was further discussion regarding the use of tax ID numbers directly linked to apple production. It was noted that sales agent reports would be received at the start of the 2021 audit, which would possibly add more orchards to the list.

It was noted that the State of Washington will start collecting \$200,000 annually to U.S. Apple starting this year, which could be a real concern.

RESOLUTION 2022.14-APPROVAL OF FINANCIAL REPORT

Presented by: Benjamin Keim

Seconded by: Carolyn McQuiston

Passed: Unanimously

To approve the Financial Report as presented.

RESOLUTION 2022.15-APPROVAL OF ASSESSMENT REPORT

Presented by: Ellie Vranich

Seconded by: Mark Boyer

Passed: Unanimously

To approve the Assessment Report as presented.

DATABASE BUILD

Patrick Andrews, Secretary of Ag representative, provided an update of software used for managing the various Boards except the Dairy Board. A meeting will be held next Wednesday, November 16, 2022 at 1:00 p.m. with the team that will build the software.

He explained the online payment part of the system for the Apple Program noting a fixed cost of \$577.80 deposited directly into account managed by McKonly and Asbury. An annual transactional cost is estimated to be \$125.01. A credit card transaction fee would be 2.65 percent. All would be based on how many people use the online payment system. This type of system would bring money in faster and more smoothly and provide a better experience. Ms. Young provided additional explanation of the detailed accounting. Mr. Andrews noted the bill starts next Wednesday, November 16, 2022 and is anticipated to be finished up approximately this time next year.

INSURANCE POLICY

Adam Morris, Esquire, Board Counsel, noted that the Apple Board pays \$886 annually for an insurance policy. He noted that pre-2017 there was a marketing component to the Apple Program and a few personnel employed by the program, that the insurance policy continued to

be renewed over the years. Mr. Morris commented that the Apple Board is the only board from the Agricultural Commodities Marketing Act that has an insurance policy.

Mr. Morris explained the contract has no advantages to the way that the law reads currently or the way a lawsuit would play out against the Board.

He discussed five items currently covered under the contract including directors and officers' liability insurance, employment practices, fiduciary liability, workplace violence, internet liability. Mr. Morris noted this information should be kept confidential and not circulated publicly. There were questions and comments. It was noted the policy would not renew in December.

RESOLUTION 2022.16 -APPROVAL OF POLICY NONRENEWAL

Presented by: Carolyn McQuiston

Seconded by: Gary Faulkner

Passed: Unanimously

Not to renew the insurance policy when it comes due this year.

AUP REPORT REVIEW

There was an update provided of the annual Agreed Upon Procedures Report by Garcia, Garman and Shea, which ensures that the accounting records and overall internal control processes are operating in accordance with generally accepted accounting principals.

Patrick Andrews exited the meeting at 10:07 a.m.

The accounting firm reviewed QuickBooks files, bank reconciliation findings, cash disbursement findings, cash receipt findings and other internal controls. It was noted the firm had no recommendations at this time to change procedures.

RESOLUTION 2022.17-APPROVAL OF AUP REPORT

Presented by: Ben Keim

Seconded by: Mark Boyer

Passed: Unanimously

To approve the AUP Report as presented.

Patrick Andrews re-entered the meeting at 10:14 a.m.

2023 MEETINGS

There was discussion with regard to Board meeting dates for 2023. The meeting dates are as follows:

January 31, 2023 8:00 a.m. to 11:00 a.m. breakfast included. July 5, 2023, 9:00 a.m. to 11:00 a.m. and November 7, 2023 would be held virtually.

There was discussion regarding the new payment system. Mr. Andrews noted training documents would be sent to growers and sales agents. He suggested a special virtual meeting with Board members for discussion of the software system.

NEW ITEMS

There was discussion regarding setting up a meeting with Secretary Redding and the new Secretary of Agriculture for discussion involving the Board's questions, comments and concerns.

Mr. Andrews suggested fruit growers be provided with more direct access to the Governor's Office to express their concerns. He will contact the Executive Office right after this meeting and request that they "strengthen their ask" with the Governor's Office. Mr. Boyer may also send a letter.

Mr. Boyer suggested asking Secretary Redding what the Board can do to get through the proper channels faster, how the Board can perform better.

Mr. Morris commented on the possible consequences of what happens when the political appointees on this Board do something outside of what the appointing authority wants them to do.

Mr. Andrews noted that he and Ms. Zearfoss would make draft agendas for both meetings for review by the Board members.

Mr. Boyer had discussion with regard to Washington State's decision to cut funding \$200,000 for U.S. Apple, which may be indefinitely. U.S. Apple has asked for the Board's continued support.

Mr. Andrews commented there is a declining balance in the savings account of the apple program, and at some point, the Board would need to decide whether to cut what is paid to U.S. Apple, SHAP or consumer education or do an amendment referendum to increase the assessments. It was noted that U.S. Apple provided the industry \$330 million-plus dollars, and PA was one of the top five commodities to receive the most amount of money.

The Board was referred to the list of sales agents for further review. The list would be emailed to members for comment. A list of producer assessments would also be provided. There was further discussion of the list.

RESOLUTION 2022.18-ADJOURNMENT

Presented by: Ben Keim

Seconded by: Mark Boyer

Passed: Unanimously

To adjourn the meeting.

There being no further business, the meeting was adjourned at 11:28 a.m.

Respectfully Submitted:

A handwritten signature in cursive script, appearing to read "Hannah Bartkowski", is written over a horizontal line.

Hannah Bartkowski

November 8, 2022