

CHRISTMAS TREE PROMOTION BOARD

BOARD MEETING

Phoenix, AZ
February 23-24, 2017

MINUTES

Welcome and Roll call – Meeting was called to order at 8:00 am Mountain by Chairperson, Betty Malone. Board members in attendance: Mark Arkills, Rex Korson, Della Deal, Jim Heater, Charles Fowler, Chris Maciborski, Jim Rockis, Mark Steelhammer, Paul Battaglia, Beth Walterscheidt, Bentley Curry and Betty Malone. USDA Representative in attendance: Vickie Carpenter. Staff in attendance: Tim O’Connor and Marsha Gray. Betty Malone reviewed the mission with the board.

Additional Agenda Items – No items were added to the agenda.

Meeting Minutes – It was MOVED and SECONDED to approve the January 17, 2017 meeting minutes as presented. MOTION APPROVED.

2016 Promotional Campaign - Griffin Stenger and Scott Nieman of Concept Farm provided a detailed presentation of the 2016 promotional campaign, including cost and reach numbers for all activations. The presentation also included some of the consumer survey data that was a part of the campaign. Board members asked questions and gained a better understanding of the campaign.

2017 Promotional Campaign Plan – Tim O’Connor presented a plan for the 2017 campaign that includes the CTPB staff creating and managing the 2017 campaign strategy. CTPB would contract with Concept Farm for creative and would contract directly with a public relations firm. Short term contract would be signed with both ad agency and public relations firm to develop a campaign plan over a 45 day period. After that, contracts would be secured with the ad agency and public relations team with clearly defined roles and budgets for the 2017 campaign. Tim O’Connor and Associates also emphasized the need for greater grower involvement and engagement in the campaign. As a part of the proposal, Marsha Gray would increase her time with the Promotion Board. This time would be made possible by her resigning her position with the Michigan Christmas Tree Association. The cost to acquire her additional time would be \$45,000 annually. This would be funded by placing 50% of this increase in the Promotion Committee budget and 50% in the Industry Relations Committee budget.

It was MOVED and SECONDED to approve the proposed 2017 Campaign Plan as presented by Tim O’Connor and Associates. MOTION approved.

It was MOVED and SECONDED to budget \$1.1 million for the 2017 promotional campaign and to move \$350,000 from unallocated funds to promotion in the 2016 budget year for those promotional expenses that may occur before August 1, 2017. MOTION approved.

Staff Report – Collections and Enforcement – Staff presented the assessment collections reports for the 2015 harvest year and the 2016 harvest year. To date, \$1,229,209 has been collected. Staff will prepare and mail a follow up letter to non-responders. Penalties and interest will begin to accrue 30 days after the February 15 deadline. Board discussed audits and the appropriate time and method to pursue.

Board directed staff to employ due diligence in pursuing non-payers. Board will further discuss audit process.

Board discussed importer issues. Canadian growers have been easy to work with in almost all cases, but they are concerned about inequities. Importers pay on all trees imported and there is no relief for trees that don't sell (ie: pay-by-scan at the big box stores). Importers also know that not all US growers have yet been identified or have paid assessments and are concerned about the disparity. Board agreed that they are committed to addressing the pay-by-scan issue but that would require rulemaking. This will be considered when there are multiple rule changes to put into one package.

Committee Reports

Promotion – Tim O'Connor presented key findings from the consumer research data collected as a part of the promotion campaign. This data was helpful in developing campaign messaging and will be used for future campaign strategy. Some key findings will be featured in the annual report and in industry communication.

Research – Jim Rockis reported that he is continuing his communication with the Christmas tree researcher group as they identify areas of work for the CTPB. Rockis reviewed a variety of optional topics and will work with the researchers to develop plans and formal proposals for the board to approve.

Research committee and staff will be developing a plan to compiling existing research and scientific data to support environmental claims for USDA to review, possibly using the assistance of a graduate student.

It was MOVED and SECONDED to amend the 2016-2017 budget; reallocating \$50,000 in two contingency line items to research and to make available \$120,000 for research in the FY 2016-2017 budget and budget \$150,000 for Research in the FY2017-2018 budget MOTION APPROVED.

Industry Relations – Betty Malone shared a report from staff outlining the various state and Canadian meetings where they presented the Campaign Summary video and were available for Q&A. In most cases, staff participated via Skype making the process far reaching, yet cost effective. Board participated in a session with the Pacific Northwest association and North Carolina during this two day board meeting. Board discussed importance of reaching growers who are not active in their state associations.

Malone reported feedback from the committee and participants in the state meetings primarily centered around desiring more information from the Promotion Board and earlier notices and access to campaign materials.

Malone also reported that there is an industry supplier who has requested a licensing arrangement to print campaign banners and other promotional items to sell to growers and retailers. Della Deal and Bentley Curry will return with suggestions for licensing CTPB artwork to suppliers.

Board also requested a simple one-page flyer that they can use with key points when working with growers. Staff can prepare. Also, annual report is required and will include audited financials, campaign summary, consumer research summary, research projects and contact information. This will be mailed to all assessment payers.

USDA Start Up Fee Payment Schedule – Board received a proposed payment schedule to repay the invoiced start up fees. It was MOVED and SECONDED to propose to USDA, payment in full in the spring of 2018 prior to the referendum. MOTION APPROVED.

USDA Orientation – USDA representative, Vickie Carpenter, presented an updated version of instruction for promotion board members. Board members also signed Conflict of Interest Statements and Lobbying Certification certificates.

Governance Committee – Rex Korson reported that he instructed staff to compile and distribute the Policy and Procedure book to full board. This was done several weeks previous and all members have a copy.

Staff Reports

Financial Audit Report – The draft Independent Auditors Report and Opinion was presented to the board by Propp Christensen Caniglia LLP. Audit will be presented to USDA and a final report sent to the board following USDA review..

NCTA Report – Tim O’Connor reported that NCTA seems to be in a slightly better position with membership renewals in 2017. Most members are including an advocacy fund “fair share” payment. NCTA has signed on to a number of letters on appointments with the new administration as well as on legislative issues. Staff reported on the “Voice of the Industry” project, including two large binders of articles in which NCTA was quoted. Hugh Whaley did an outstanding job in responding to both media and consumer calls. He also produced a news release and posted it on the PR newswire. Board discussed financially supporting this role in the future and requested quotes from additional candidates. Trees for Troops had another successful year with more than 17,000 trees delivered. White House Christmas tree delivered with some challenges.

New Business

Commodity Round Table membership – Board again reviewed letter of request to participate in the Commodity Round Table. General agreement on value, but will wait until a later date to join.

Issues Talking Points – Board discussed topline points from the promotional campaign, research outcome and board activities. Staff will develop a brief “one page” overview for board members to share.

How to Gather Stats on Planting Count for Industry Projections – Board discussed ways to determine how many trees are being planted.

Selling Season in Review – Board shared their thoughts on the season and discussed the Nielsen survey from NCTA. General agreement that the Nielsen results are significantly overstated likely due to flaws in the questions NCTA has used in the survey over time.

Office Election – Betty Malone thanked the nominations committee for developing a slate of candidates and the candidates for their willingness to serve.

Chair election – It was MOVED and SECONDED to accept by acclamation the nomination of Jim Rockis as Chairman. MOTION APPROVED

Vice Chair – It was MOVED and SECONDED to cast a unanimous ballot for Rex Korson as Vice Chair. MOTION APPROVED.

Treasurer - It was MOVED and SECONDED to cast a unanimous ballot for Paul Battaglia as Treasurer. MOTION APPROVED.

Secretary - It was MOVED and SECONDED to cast a unanimous ballot for Beth Walterscheidt as Secretary. MOTION APPROVED.

Incoming Chair Outlook – Jim Rockis thanked the board for their confidence in his leadership and thanked Betty Malone for her strong leadership during the challenging start-up of the CTPB. He shared his vision for grower outreach by both board and staff.

Announcements –

Next conference call scheduled for March 21, 2017

Next in-person meeting scheduled for August 17th in Green Bay, Wisconsin.

Adjourn

It was MOVED and SECONDED to adjourn the meeting. MOTION APPROVED.

Respectfully Submitted

Beth Walterscheidt,
Secretary