

CHRISTMAS TREE PROMOTION BOARD BOARD MEETING

August 8, 2019
Dickson City, Pennsylvania

MINUTES

Welcome and Roll Call and Introductions:

The meeting was called to order at 9:00 a.m. Eastern time by Chairperson, Rex Korson.

Board Members in Attendance: Paul Battaglia, Roger Beyer, Mark Steelhammer, Rex Korson, Jim Corliss, Gary Westlake, James Rockis, Beth Walterscheidt, Bob Schaefer, Della Deal and Chris Maciborski

Board Members not in Attendance: Mark Schmidlin

USDA Representative in Attendance: Vickie Carpenter

Staff in Attendance: Marsha Gray, Cyndi Alexander and Jenny Tomaszewski

Guest(s) in Attendance: Cline and Ellen Church

Teleconference With: David Cartner, Kurt Gerner and Sue Coleman, new USDA representative

Agenda:

It was **MOVED** and **SECONDED** to approve the agenda as presented. **MOTION APPROVED.**

Meeting Minutes:

It was **MOVED** and **SECONDED** to approve the June 13, 2019 meeting minutes as presented.
MOTION APPROVED.

Committee Reports

Finance:

Roger Beyer reviewed the June Financials and year-end estimate. Beyer reported that the CTPB will end the year with a larger surplus than budgeted. There was discussion regarding the breakdown of USDA fees and how they are determined. Marsha Gray and Vickie Carpenter attempted to explain the process of how USDA user fees are determined.

It was **MOVED** and **SECONDED** to approve the June 2019 financial statements as were presented.
MOTION APPROVED.

Roger Beyer recommended engaging Propp, Christensen, Caniglia LLC out of California for the financial audit. This is the firm used previously by CTPB.

It was **MOVED** and **SECONDED** to engage Propp, Christensen, Caniglia LLC for CTPB's 2018-2019 audit.
MOTION APPROVED.

Research:

Della Deal provided a brief overview of the two proposals that requested a second year of funding. The Research Committee is recommending funding of these two projects. (See attachment for more details)

It was **MOVED** and **SECONDED** to approve the request from the research committee to provide \$63,475 in funding for the second-year projects that began in 2018/2019. **MOTION APPROVED.**

Della Deal provided a brief overview of the eight research projects recommended by the Research Committee for the 2019/2020 year. (See attachment for more details)

It was **MOVED** and **SECONDED** to approve \$128,707.81 in funding for the recommended research projects for 2019-20120, excluding 19-04-NCSU for \$20,000. **MOTION APPROVED.**

Industry Relations:

Gary Westlake reported that website updates have been completed and is now “live”. A demonstration of the new website was provided. The website has been updated to use the terminology that is in the order; providing equal information for research and promotion. There was board consensus to remove the “Media” tab on website.

Westlake suggested creating a video providing an overview of CTPB research, similar to the Campaign Summary Video. This will allow growers to see what the board is working on. Rex Korson would like the Industry Relations committee to investigate creating a video, checking on cost and time.

Gary Westlake asked Vickie Carpenter, USDA representative, about the donation form that was discussed at our June meeting. Sue Coleman, new USDA representative, asked that we create a separate form and submit it to the USDA.

Governance:

Beth Walterscheidt had nothing new to report.

Promotion:

Paul Battaglia reported they have had many meetings and discussions for this year’s 2019 promotion campaign and asked representatives from Fleishman Hillard and Concept Farm to present the campaign plan that is being recommended by the Promotion Committee.

2019 Promotion Campaign

Fleishman Hillard: Liz Conant and Sean Lashley joined via conference call and presented the following:

- Continued target audience is Millennial Moms - creating memory making moments.
- Be first and frequent with media relations.
- Creating interesting media content by creating a pre-season consumer poll and sharing data with media outlets.
- Satellite media tour - using millennial spokespeople to hit the millennial target; moving the Satellite tour outside at tree farm or lot if possible.
- Continuing a partnership with Red Tricycle. Creating a photo contest, “Real Trees, Real Memories” where consumers enter their real tree buying photo.
- On-going reputation management and a paid search campaign to create a more significant online footprint.
- National TV integration - Kelly Clarkson show will have its premiere September 9th. The show has been cleared for 100% distribution.
- One-time, single episode that will get 3 million impressions, show only, not including social media.

- Cost is \$150,000 to NBC + \$25,000 for social media cost to Kelly's social channels.
- The Kelly Clarkson Show project will be on a separate contract, and if we are not satisfied with the offer from show producers, the committee will look at other options.
- Total public relations budget: \$527,000 (including Kelly Clarkson Show)

Concept Farm: Chuck Contompasis, in-person, presented their campaign components:

- Additional target audience this year will include millennial dads.
- Build the audience now and keep their interest year-round.
- Social media approach, post videos on social channels, cross-post on Facebook pages and participate with state associations.
- #KeepItReal365 – creating social content to be used all year, not just in season
- Consider box store collaborations
- Shoot Man on the Street video to support the consumer poll being undertaken by Fleishman Hillard.
- Shoot limited amount of new consumer video.
- Total budget: \$402,000

Trees for Troops: Marsha Gray shared that she will be meeting with the Trees for Troops board this evening, Thursday, August 8, 2019. They will likely present a request for financial support as sponsor and for marketing.

Capitol Tree: Marsha Gray mentioned that there are 55 trees needed for legislator offices and other places in the capitol. The legislature is requesting, (1) 25-foot tree, (2) 12/15-foot trees and (55) 7/8-foot trees. Della Deal is doing some work on finding a supplier. Budget of \$5,000.

Total promotion budget: 934,000

It was **MOVED** and **SECONDED** to approve the recommendations of the promotion committee for the various components of the 2019 campaign. **MOTION APPROVED.**

Compliance:

A. Recommendation of Compliance Plan – Chris Maciborski presented a recommendation from the Compliance Committee:

- Reach out to approximately 1,700 individuals in the CTPB database who have been non-responsive. The goal is to collect back assessments, proposing that they report back to the CTPB by December 31, 2019, whether that be by exemption form or payment.
- Marsha Gray and Jenny Tomaszewski shared that FedEx is \$10.50 per envelope with an additional \$5.50 for signature. We would use USPS for all P.O. Box addresses at a cost of \$10.50. FedEx makes three attempts before returning the mailing.
- Requests for waiver of late fees and interest charges would be provided to growers who send in reporting forms and pay back assessments by December 31, 2019.
- Board discussed the waiver process and the best way to submit waiver requests to USDA.
- Board asked if CTPB could request waiver in advance for all on the list. Vickie Carpenter is trying to set up a meeting with OGC (Office of the General Counsel) to discuss how the process will work.

It was **MOVED** and **SECONDED** to accept the non-responding grower compliance plan as recommended by the Compliance Committee. **MOTION APPROVED.**

- B. Recommendations for Compliance Audits** – Maciborski reported that the Compliance Committee recommends undertaking a compliance audit program to audit payers.
- Targeted audits would be based on reporting anomalies as determined by staff.
 - Auditor, James Lantz, engaged previously to complete CTPB audits is available and interested in project. \$165 per hour with a minimum 6 hours, maximum of 16 hours per farm, depending on size.
 - Board discussed using a different auditor on the West coast for convenience and cost savings. Directed Marsha Gray to investigate options.

It was **MOVED** and **SECONDED** to accept the audit proposal and to increase the compliance budget by \$30,000. **MOTION APPROVED.**

Marsha Gray shared her interest in creating an online reporting/paying system. More research needs to be completed to see what would work best with our system. Board offered input. Unlikely to be able to have in place this year, but potentially in future.

Industry Data Committee:

Jim Rockis reported that he has been working on a plan to survey seedling producers in an effort to determine the size of the Christmas tree industry. Based on conversations with various nurseries, it appears that many would provide data if it is confidential. Rockis suggested that Cyndi Alexander may be the best person to contact the nurseries and compile the data. Marsha Gray would like the industry data committee to create a standardized reporting form for the project.

Management Staff Updates:

- A. Collections Update:** Marsha Gray reported:
- \$1,638,484 in 2018 assessment collections to date
 - USDA is still working with the US Customs in order to collect importer payments at border crossing.
- B. CTPB Independent Evaluation:** Marsha Gray reported:
- Econometric Study (ROI), evaluating the performance of the CTPB required by USDA every five years and we will need to begin the study at some point this year.
 - Gray spoke with three smaller commodities regarding cost of similar studies; \$18,000 - \$38,000 was reported.

New Business:

- A. Board Nomination Update:** Marsha Gray stated that two candidates from each region (see names below) have been submitted to the Secretary of Agriculture.

Western: Bill Brawley, OR and Terry Muilenburg, OR

Central: Derek Ahl, WI and Jane Neubauer, OH

Eastern: Charles Fowler, NC and Travis Drexler, NY

- B. Christmas Tree definition:** Gary Westlake read the CTPB definition out of our order. Board discussion was held regarding the definition of a tree and whether it made sense to provide a more narrow definition of a Christmas tree. Board chose to not take action.

- C. Major Grower Meeting:** Jim Rockis recommended that CTPB host a meeting of major growers; providing an opportunity for them to share their thoughts on CTPB programs and what projects would be of interest for the CTPB to undertake. Rex Korson directed Jim Rockis to continue this work, including Bob Schaefer and Chris Maciborski.

USDA:

Vickie Carpenter reminded the board of the need to review the make-up of the board at least once every five years. Board seats are based on production. Rex Korson asked Marsha Gray and Governance Committee to review data and report to board.

Vickie Carpenter thanked the board for allowing her to serve the CTPB for the last five years. Sue Coleman will be the board's new USDA representative and Vickie will continue as our back-up.

Announcements:

Rex Korson announced that the board approved the Gray Management contract via electronic vote.

Next Meeting:

Rex Korson called for the next teleconference board meeting to be held on Thursday, September 19, 2019 at 11:00 a.m. Eastern time.

Board discussion regarding the next in-person board meeting and is pursuing a suggestion to meet in Austin, Texas in February. Beth Walterscheidt will contact the Texas Christmas Tree Association to determine if we can coordinate with that group.

Adjourn:

It was **MOVED** and **SECONDED** to adjourn. **MOTION APPROVED.**

Respectfully Submitted,

Bob Schaefer
Secretary