

CHRISTMAS TREE PROMOTION BOARD

Board Meeting

July 28, 2020

Via Video Conference

Welcome and Roll Call: The meeting was called to order at 10:04 a.m. Eastern time by Chairman, Beth Walterscheidt.

Board Members in Attendance: Paul Battaglia, Roger Beyer, Beth Walterscheidt, Bob Schaefer, Mark Schmidlin, Charles Fowler, Derek Ahl, William Brawley, Jim Corliss, Gary Westlake, Chris Maciborski and Della Deal

USDA Representative(s) in Attendance: Sue Coleman

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

Guest(s) in Attendance: Frans Kok and Dave Silen

Agenda:

Marsha Gray requested to add “financial audit engagement letter” under Financials and “approval of logo use” under Other Business.

It was **MOVED** by Jim Corliss and **SECONDED** by Bob Schaefer to approve the Agenda as corrected.

MOTION APPROVED.

Meeting Minutes:

It was **MOVED** by Bob Schaefer and **SECONDED** by Charles Fowler to approve the June 30, 2020 Board Meeting minutes as presented. **MOTION APPROVED.**

It was **MOVED** by Roger Beyer and **SECONDED** by Bob Schaefer to approve the June 23, 2020 Board Meeting minutes as presented. **MOTION APPROVED.**

Banking Proposal:

Marsha Gray has been working with Brad Miller and John Paul Koch banking representatives from Pinnacle Bank. They were initially with Metropolitan Bank, which became Renasant Bank (our current bank). The Executive Committee met with Pinnacle Bank to review their proposal. The Executive Committee conducted an email vote and agreed to recommend that the Board approve moving CTPB banking to Pinnacle Bank.

- Paul Battaglia asked about the cost of switching from one bank to the other. Gray shared they are going to give us three-months of lock-box processing for free.
- Mark Schmidlin asked if three-months is long enough to leave the account open at Renasant Bank? Gray shared the account at Renasant Bank can stay open as long as the Board feels is necessary. A system can be created with the bank to have mail forwarded.

It was **MOVED** by Mark Schmidlin and **SECONDED** by Jim Corliss to approve moving services from Renasant Bank to Pinnacle Bank. **MOTION APPROVED.**

Committee Reports

Finance – Mark Schmidlin reported

- A brief overview of the June 2020 Financial Statement was provided.
- Schmidlin noted that line item, 64000 - Compliance & Compliance Audit –was higher in June due to the grower audits and the second round of compliance mailing. Marsha Gray shared that FedEx made some overcharges on the compliance mailing. Currently, a credit of \$4,700 has

been received back on the credit card but is not reflected in the financial statement.

- Year-End Estimate – The CTPB will close out the year in the black and with funds to carry over for future years. Schmidlin reported assessment income to date at \$1,930,896.
- Propp Christensen Caniglia LLP, the firm that had provided CTPB financial audits in the past, has provided their letter of engagement to the Finance Committee.

It was **MOVED** by Mark Schmidlin and **SECONDED** by Roger Beyer to engage Propp Christensen Caniglia LLP to audit the CTPB's financial records for 2019-2020. **MOTION APPROVED.**

Compliance Committee – Chris Maciborski asked Marsha Gray to report:

- Gray provided an update of the 2019 assessment collection report. As of Monday, July 27, the total collected amount is \$1,718,663.32.
- Grower Audit Update -Twelve audits have been completed, two cases will be handed over to USDA for follow-up as they refused to meet with the auditor, and two growers received a refund as they overpaid assessments.
- Non-responder Mailing update – Gray shared that the Staff has been working with FedEx to determine the course of 136 envelopes that haven't been delivered or returned.
 - **1,145** pieces were mailed by FedEx or USPS.
 - **267** names and addresses have been removed from the database because they were out of the business, deceased, retailer, or no Christmas Tree industry connection.
 - **0** pieces were refused/rejected.
 - **22** pieces were received back for bad addresses. These were also removed from the database, as an alternate address could not be located.
 - **79** pieces were received back with a completed Exemption form.
 - **22** payers have paid: **\$14,939.25** as of July 27, 2020.
- Gary Westlake revisited the process in which non-compliant growers are submitted to USDA. Sue Coleman, USDA representative, shared that we need to do as much as we can on our end before creating a case. If a case is created, USDA will send out two letters from Heather Pichelman, AMS Director of Promotion. If no response is received, it is then turned over to the Office of General Counsel. At that point, the likelihood of the funds coming back to the CTPB would be minimal.
- Board discussion on how USDA's funds are distributed if non-compliant growers reach the Office of General Counsel.

It was **MOVED** by Gary Westlake and **SECONDED** by Charles Fowler to approve Marsha Gray and or Staff to refer the two growers who refused the audit to USDA. **MOTION APPROVED.**

Research – Della Deal and Cyndi Knudson reported

- A brief overview of the research proposals submitted for FY 2020-2021 was provided.
- The Committee received a total of 22 proposals. After reviewing, 12 proposals were recommended to the Board for funding for a total of \$262,506.00.
- Beth Walterscheidt thanked the Research Committee, Della Deal, and Cyndi Knudson for all their hard work in reviewing all the proposals.
- Gary Westlake shared that research proposals are based on one-year contracts. Knudson shared that researchers have the understanding that the CTPB has only committed to one year of funding, but may approve funds in future years upon request.
- Roger Beyer requested to see a copy of all 22 proposals. Knudson will create a Dropbox link and email it to the Board.

It was **MOVED** by Mark Schmidlin and **SECONDED** by Derek Ahl to approve the twelve recommended research proposals totaling \$262,506.00 as presented. **MOTION APPROVED.**

Industry Relations – Gary Westlake reported:

- Cyndi Knudson is working on getting the research library up and running.
- Marsha Gray shared that the upcoming e-newsletters will continue to feature short grower or team member videos.

Governance Committee:

- Bob Schaefer shared he has nothing new to report. The Committee will be scheduling a meeting to begin working on the Order.

Promotion Committee – Paul Battaglia reported

- Trees for Troops – offering three different proposals:
- First Proposal: As FedEx will not be transporting trees to Military individuals outside of the U.S., Trees for Troops is hoping to create a live-stream connection with deployed individuals and their families while setting up the Christmas tree. \$5,000 sponsorship fee.
- Second Proposal: Tree Tags - consumers can fill out a tree tag with a note for Military personnel, which includes sponsorship and tree care instructions. \$10,000 sponsorship fee.
- Third Proposal: Trucking Trees – pay a truck driver a stipend to transport trees from one location to a specific drop location. \$5,000 sponsorship fee.
- Last year the CTPB sponsored \$16,000 of the Trees for Troop program.
- Battaglia recommends funding the Tree Tag sponsorship, not to fund the Trucking project, and to consider the Live Stream project in the future when more details can be confirmed.

It was **MOVED** by Charles Fowler and **SECONDED** by Bill Brawley to approve the \$10,000 Tree Tag sponsorship for Trees for Troops. **MOTION APPROVED.**

- Campaign updates – Battaglia stated the budget was approved in June, and they are moving forward. Battaglia will be meeting with Concept Farm tomorrow, June 29th, regarding the new website.
- Marsha Gray shared that National Christmas Tree Association (NCTA) is coming up with all COVID-19 protocols for the upcoming harvest season.
- Gray had a call with Tim O’Connor and Dugal Kell from National Christmas Tree Association (NCTA) to let them know that the CTPB will be including a retail locator on the campaign website. They were informed that our locator must include all retail locations that are selling fresh trees.
- Bill Brawley welcomed Dave Silen, who has worked with Charles Toombs, Marketing Professor at Oregon State University (OSU). Brawley provided a detailed presentation of the Toombs program proposal.
- Under Charles Toombs, a team of current and alumni students at OSU will create marketing ideas to increase demand for real Christmas trees. These students will be working with all three geographic regions.
- The Board asked questions of Brawley and Silen and discussed different components of the proposed program.
- Roger Beyer asked if the Promotion Committee will be completing an RFP process this year. Paul Battaglia stated that they have nothing scheduled. Marsha Gray requested to add “RFP Promotion Committee” under Other Business.
- Gray shared that if the Board is considering moving forward with this proposal that the \$15,000 should be funded under the Research Committee – Market Development budget line.

It was **MOVED** by Bill Brawley and **SECONDED** by Chris Maciborski to approve the \$15,000 Charles Toombs marketing proposal as presented by the Promotion Committee. **MOTION APPROVED.**

It was **MOVED** by Bill Brawley and **SECONDED** by Gary Westlake to increase the research Market Development budget to \$15,000 to accommodate the Toombs proposal. **MOTION APPROVED.**

Management Staff Update: Marsha Gray reported:

- U.S. election ballots were received back and tabulated. The Importer ballot deadline was extended to July 29, due to increased mail times between the U.S. and Canada based on the pandemic. The top two vote-getters from each region will be submitted to USDA. The Secretary of Agriculture will then make appointments.
- Western Region: Roger Beyer, OR, Jim Puffer, OR, Michael Cocco, CA, and Keith Garlock, CA,
- Central Region: Jane Neubauer, OH and George Haramis, OH
- Eastern Region: Renee Campbell, NC, Travis Drexler, NY, Chuck Berry, GA, , , and Steve Mannhard, AL
- Importer: Larry Downey, and Anzil Blackadar
- Gray suggested that with the five or six new Board members coming on, that the Board might consider inviting them to attend current Board meetings as it is unclear at this time with COVID-19 if an in-person Board meeting will take place in January.
- Gray shared that True Global Intelligence, which is a division of Fleishman Hillard, completed the Board approved, Consumer Message Testing. Gray will send a Dropbox link by email of their findings.

USDA Update – Sue Coleman reported:

- USDA's Promotion Economic Division is still working remotely.
- Waiting for the final rule to be published regarding the revision of the CTPB forms.
- USDA has reviewed and approved CTPB's independent evaluation; a copy of the evaluation will be posted on the website and shared in an e-newsletter.

Other Business:

- Marsha Gray reported that Tim O'Connor sent the contract for the Voice of the Industry. The contract is identical from years past – the total contract price is \$14,000, which is funded under the education budget.
- Gary Westlake inquired who would be the individual answering the questions. Gray shared that Doug Hunley, who is a retired extension agent from North Carolina.
- Board discussion regarding the National Christmas Tree Association (NCTA) survey results and if the CTPB can request the NCTA not to use the survey results as lead-in talking points.

It was **MOVED** by Paul Battaglia and **SECONDED** by Jim Corliss to approve the \$14,000 NCTA Voice of the Industry contract.

Discussion: The Board continued its discussion regarding the NCTA survey results.

It was **MOVED** by Roger Beyer and **SECONDED** by Mark Schmidlin to table the motion to approve the voice of the industry contract until the August 25th Board meeting.

Discussion: The Board discussed what other information they would need to make a final decision.

In Favor: Roger Beyer, Bob Schaefer, Mark Schmidlin, Charles Fowler, William Brawley, Jim Corliss, Gary Westlake, Chris Maciborski

Opposed: Derek Ahl, Paul Battaglia, Beth Walterscheidt, and Della Deal

MOTION TO TABLE APPROVED.

- Marsha Gray asked the Board if there is anything the Staff can do in the interim. Beth Walterscheidt suggested gathering more details as to the NCTA talking points and discussing the Board concerns over the survey results and how they plan to answer their questions.
- Beth Walterscheidt has requested Roger Beyer and Bob Schaefer to work with Marsha Gray in gathering this information and working with NCTA leadership.
- Approval of Logo – Marsha Gray shared the logo, "It's Christmas Keep It Real," which is a

trademarked logo. This logo is available to anyone in the industry, but they must use it as presented on the website. Permission is required if an entity wants to include the logo on an item for reselling. Jay Bustard is requesting to print the logo on facemasks. Gray shared the depiction of the facemask.

It was **MOVED** by Della Deal and **SECONDED** by Roger Beyer to approve Jay Bustard's request to put "It's Christmas Keep It Real" on a facemask.

Discussion: The Board discussed whether they should charge a licensing fee or if other trademark issues were involved.

In Favor: Roger Beyer, Mark Schmidlin, Charles Fowler, William Brawley, Jim Corliss, Chris Maciborski
Derek Ahl, Paul Battaglia, Beth Walterscheidt, and Della Deal

Opposed: Gary Westlake and Bob Schaefer

MOTION APPROVED

Sue Coleman, USDA requested to hold informing requester until she could check on these trademark concerns.

- RFP, Promotion Committee - Roger Beyer shared that at our in-person meeting in February, it was discussed, after a certain amount of years, that the Promotion Committee should consider completing an RFP process to consider other marketing agencies. Marsha Gray shared that she is a little concerned as the Board will be welcoming five new Board members, and it could be a lot for them to take on at the very start of their new term.
- Board discussion on the timing of the Promotion Committee RFP process and whether or not this is the right time.

It was **MOVED** by Derek Ahl to begin the RFP process for the Promotion Committee. Motion died for lack of support.

- Board continued discussion with whether or not they should conduct the RFP process.
- Roger Beyer suggested putting the Promotion Committee RFP process on the agenda for January 2021.
- Marsha Gray volunteered to write down a couple of timing scenarios of when this could take place. The RFP process can take up to 4 to 6 months.

Good of the Order: No comment.

Announcements: No comment.

Next Meeting:

The next video conference Board meeting will be on Tuesday, August 25, 2020.

Adjourn:

It was **MOVED** by Mark Schmidlin and **SECONDED** by Della Deal to adjourn the meeting. **MOTION APPROVED.**

Beth Walterscheidt adjourned the meeting at 2:00 p.m. Eastern time.

Respectfully Submitted,

Bob Schaefer

