

CHRISTMAS TREE PROMOTION BOARD

Board Meeting

August 25, 2020

Via Video Conference

Welcome and Roll Call: The meeting was called to order at 11:05 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: Chuck Berry, Anzil Blackadar, Renee Campbell, Larry Downey, George Haramis, Travis Drexler, Keith Garlock, Frans Kok, and Steve Mannhard

Agenda:

It was **MOVED** by Charles Fowler and **SECONDED** by Derek Ahl to approve the Agenda as corrected. **MOTION APPROVED.**

Meeting Minutes:

It was **MOVED** by Roger Beyer and **SECONDED** by Paul Battaglia to approve the July 28, 2020 Board Meeting minutes as presented. **MOTION APPROVED.**

Committee Reports

Finance – Mark Schmidlin reported

- A brief overview of year-end (July) 2020 financial statements were provided. Schmidlin reported a surplus of \$232,000; much better than originally budgeted even with several large projects added during the fiscal year.
- Marsha Gray shared that line item, 64000 - Compliance & Compliance Audit, is higher than budgeted due to overcharges by Fed Ex for the second round compliance mailing. CTPB has received a refund from FedEx, but it was received after end of fiscal year. Marsha Gray provided a brief overview of the financials for our guests in attendance.
- Banking Update – Gray shared the process of switching from Renasant Bank to Pinnacle Bank is underway. The accounts at Pinnacle have been set-up, and checks have been received. The accounts and lockbox at Renasant Bank will remain open with a small fund balance for three months.
- Derek Ahl asked Marsha Gray about forwarding mail from Renasant Bank to the new lockbox. Gray shared the bank can forward mail for up to six months. If there is still activity after the six months, the Board can pay a fee to leave the box open as long as they feel it is necessary.

Compliance Committee – Chris Maciborski reported

- The Compliance Committee met on August 24th, during their meeting, they discussed the wording of our assessment Order language, and how the language leads to much confusion among growers as to who is responsible for paying assessments when growers buy and sell trees among themselves.
- Maciborski requested that the Board, along with fellow growers, come up with different scenarios in which trees are bought and sold among growers and submit these to Marsha Gray. The Compliance Committee will meet in September to review the submissions. Eventually, the

information will be shared with growers to help them better understand the process and who pays the assessment.

- Grower audit update – twelve growers were selected for audit, ten audits have been completed, and two growers refused to meet with the auditor. The two who refuse meeting were referred to USDA. The Compliance Committee is recommending the CTPB continue the audit process for 2020-21 with the same auditor, Jim Lantz.

It was **MOVED** by Bill Brawley and **SECONDED** by Charles Fowler to again engage auditor, James Lantz to undertake 12 grower audits in the 2020-2021 fiscal year. **MOTION APPROVED.**

- Grower exemption procedure – Marsha Gray shared that since the start of the program, growers harvesting fewer than 500 Christmas trees per year could file as Application for Exemption. Under the previous management, those who completed the form received a letter notifying them that the CTPB had received their application and that they were not required to complete the exemption form each year, but that they were responsible for reporting to the CTPB in any years that they harvested 500 or more trees. This was approved by the USDA. The Compliance Committee is recommending the growers complete the exemption process yearly as it holds the grower accountable. Gray shared some concerns over the level of work for current staff in processing and tracking between 2,500 and 3,000 forms annually. Charles Fowler shared that the Order states that exempt growers must report annually.

One option that may facilitate annual reporting while limiting staff hours could be an online reporting system for exempt growers. Gray is currently investigating an online reporting and payment system similar to the Watermelon board. Exempt growers would be able to log-in and complete the form, and assessment payers would be able to pay their yearly assessment.

Maciborski commented that moving to online processing is the right direction, and the Board agreed that Gray should pursue pricing for an online system.

- Gray provided an update of the 2019 assessment collection report. As of Monday, August 24, the total assessment collected is \$1,719,466.17. Bob Schaefer commented that the assessment collection report doesn't show the current total of exempt growers. Gray shared we currently have 2,547 individuals or farms that have submitted an exemption form.
- Schaefer and Maciborski provided additional encouragement for the Board to submit different scenarios in which trees are bought and sold among growers.

Research – Della Deal and Cyndi Knudson

- Della Deal thanked the Board for approving the research budget at the last meeting. Things are moving forward - Researchers are getting started with their projects.
- Deal shared that she will be working with a Pathologist from West Virginia on Monday to collect elongate hemlock scale samples across North Carolina and Virginia.
- Cyndi Knudson shared that the contracts have been put together and approved by USDA. 6 of 13 contracts have been fully executed, three have invoiced the CTPB, and seven contracts are waiting on university processes. Research Committee hopes to have everything completed by the end of September.
- Seedling Survey Update – Knudson stated they had received 40 percent of the seedling surveys back. Knudson plans to follow-up with individuals who received the survey but have not responded with an email and a phone call. The results will hopefully be available in the beginning of September.
- Research Webpage – Knudson shared they are working on accumulating information from researchers. The Peanut Board currently has a very nice set-up, the Committee has been reviewing their site as an example.

Industry Relations – Gary Westlake reported

- Westlake reiterated that moving to online payments and the online exemption form would have significant acceptance by the industry.
- Marsha Gray shared that we continue to struggle to CTPB news and updates to producers. The e-newsletter is a great source, but the typical open rate is just under 1,000 of the roughly 3,000 that are sent each time. Gray shared that the frequency of the e-newsletter in the off-season was sent once a month. Now that the season is picking up, the frequency of these newsletters has increased to two or three issues per month. Information is also provided to state associations and newsletters.
- Timing of printed update – Gray shared that for the last three years, the CTPB has sent out a very colorful self-mailer or card showing the activities of the promotion campaign. Typically, this correspondence is mailed in late November. Gray suggested sending this communication out earlier in the season as there are many new items such as the new website design, retail locator, and species guide. Goal for mailing would be early to mid-October.
- Retail Locator – In addition to providing locator sign up information in the e-newsletters, every producer will be getting a postcard regarding the sign-up for the new tree locator on the website. Wholesale growers will be provided electronic and print resources to share the tree locator information with their retail customers.

Governance Committee – Bob Schaefer reported

- Order - The Committee will begin working through the Order. Schaefer shared that Sue Coleman, USDA representative, will be helping with the terminology of the Order. One item that may need to be updated is the language regarding who pays for the assessments, which as we have discussed gets complicated.
- Social Media Plan - Gray shared that the USDA requires us to have a social media plan. It is reviewed and revisited every year for approval. Gray created a social media plan, and it follows USDA requirements. USDA has preapproved the policy.

It was **MOVED** by Derek Ahl and **SECONDED** by Bob Schaefer to approve the social media policy as it was presented to the Board.

Discussion: Roger Beyer noted that the social media plan that is up for approval outlines who is approved to engage in social media activities on behalf of the CTPB, including advertising agency and public relations firm. Beyer asked if the Voice of the Industry is supported? Marsha Gray responded that this policy is for anyone posting on our social media networks. If NCTA is used for the Voice of the Industry, they are speaking on behalf of NCTA and the industry. NCTA does not post messages or comments on any CTPB social platforms.

MOTION APPROVED.

Promotion Committee – Paul Battaglia reported

- The Promotion Committee will begin meeting with Concept Farm and Fleishman Hillard every Wednesday for updates and approvals of content.
- Battaglia provided an update on the website, retail locator, and tree species guide. Promotion Committee will encourage growers to go online and sign-up for a spot on the locator, which will include, tree farms, retail lots, and box stores.
- Battaglia shared that the first photoshoot for the tree species guide was completed. Bill Brawley was able to host the photo session at his residence. Brawley shared that the photographer was very detailed; all pictures will have the same background, be roughly the same size and height.
- How Does It Grow Segment started filming last year, and they have continued this year. The segment is currently scheduled to be released the week of Thanksgiving. Bob Schaefer traveled to the East coast to participate in some of the shearing segments. The filming crew has recently

been to Bob Schaefer's farm to film additional shearing footage. Closer to harvest, they will revisit his farm to capture harvest.

- Satellite Media Tour – Battaglia shared they are hoping to work with Nicole Jolly, who is the host of How Does It Grow.
- Retail Engagement – Battaglia shared they are trying to reach out to the retailers to help make them aware of the program. They will be providing retailers with a series of informative documents that outline important findings from our recent consumer survey. Our PR agency is interviewing suppliers about how they can incorporate CTPB campaign messages and designs in what they provide to retailers.
- Battaglia shared they will be working with influencers, including the City Moms Collective. The other recommendation is a partnership with Scary Mommy (4.1 million Facebook followers) and The Dad (1.9 million Facebook followers). Marsha Gray provided the board links to these sites and some examples of their work prior to the meeting as these sites are a little edgier than some we have used before. As with all of CTPB campaign materials, the content will be USDA approved and will reflect our messaging. Currently, two other commodities use these sites for advertising; blueberries, and paper and packaging.

Board discussed whether Scary Mommy and The Dad are the right choice for CTPB messaging. There was general support for using these sites.

- Battaglia and Bill Brawley provided an update on the Chuck Toombs project with Oregon State University. The group of students, industry advisors, and three retailers have all been identified and will participate in the program. The students will be providing six marketing ideas to the Board.
- Derek Ahl asked Paul Battaglia how the Committee plans to keep the locator up-to-date and the quality of the information accurate? Marsha Gray shared that to be a part of the locator, an annual opt-in is required. An online sign-up form has been created and is in the final stages.

Management Staff Update Marsha Gray reported

- Board Nominations/Election – Gray shared that some of the nominee candidates are on the call today. The nominees are welcome to attend any meeting of the Board. The nomination packet has been submitted to USDA. The Secretary of Agriculture has usually made his selection in December.
- Financial Audit – Gray reported that the entrance call with the auditor has been scheduled. USDA requires an entrance call with the auditor, Sue Coleman, and the financial representative from USDA. The goal is to be able to present the audit in October.
- Gray stated that the tree locator is a high priority for the next few weeks to get the sign-up process started. Gray shared that she will be meeting with Lowe's to discuss their participation in the campaign and retail locator. Gray has also reached out to Home Depot but hasn't heard back at this point.

USDA Update

- Sue Coleman revisited the logo usage – stating that the Board has maintained open access to the logo to get the message out, and USDA has no issues with it.

Other Business

- NCTA "Voice of the Industry" Contract - Marsha Gray, Bob Schaefer, and Roger Beyer had a conference call with the National Christmas Tree Association (NCTA), which included Tim O'Connor and Dugall Kell regarding the concerns the CTPB had with referencing their survey data. NCTA has agreed they will use the interpretation of survey results from Tim Richards. NCTA has already revised their website to reflect these results.

Roger Beyer voiced his concern regarding NCTA sharing historic pricing data. Board discussion regarding the reference to survey data on the historic average prices of trees and if NCTA should remove these references altogether.

It was **MOVED** by Jim Corliss and **SECONDED** by Paul Battaglia to take the motion off the table from the July 28th Board meeting. **MOTION APPROVED.**

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

One Opposed, Roger Beyer.

MOTION APPROVED.

For the Good of the Order:

- Frans Kok, a guest, asked Sue Coleman how the order covers growers who are exempt? Sue Coleman cited in the Order section 1214.53, it dictates the procedure and how you can be exempt from the program. Marsha Gray shared that the Order impacts the entire industry. The Order applies to all Christmas tree growers as it exempts you from paying; it doesn't exempt you from the program.
- Mr. Kok voiced his concern about the discussion of price in a board setting and suggested that it may be inappropriate. Coleman commented that USDA does monitor all meetings of the CTPB, and an R&P board can discuss price in a historical context or as is referenced in a survey. However, the point is well taken in that the Board is precluded from discussing or establishing product pricing.
- George Haramis commended the Board for reaching the younger Millennial generation.
- Keith Garlock asked how the tree species guide will be hosted and how detailed it will be? Marsha Gray shared they are currently working on the descriptions and will focus on what is important to consumers, such as fragrance, color, needles, and branching characteristics. In addition to the description, the CTPB will be asking growers to provide quotes as to why they love this specific tree.
- Mark Schmidlin thanked the potential candidates for taking the time to join today's meeting.

Next Meeting:

The next video conference Board meeting will be on Tuesday, September 22, 2020, at 11:00 a.m. Eastern time.

Beth Walterscheidt would like the Board to send her possible meeting dates in early October.

Walterscheidt proposed October 6th.

Adjourn:

It was **MOVED** by Derek Ahl and **SECONDED** by Paul Battaglia to adjourn the meeting. **MOTION APPROVED.**

Beth Walterscheidt adjourned the meeting at 1:09 p.m. Eastern time.

Respectfully Submitted,

Bob Schaefer

