

CHRISTMAS TREE PROMOTION BOARD
In-Person Board Meeting
Thursday, August 5, 2021
Holiday Inn Express, West Jefferson, NC

Minutes

Welcome and Roll Call: The meeting was called to order at 9:01 a.m. Eastern by Chairman, Roger Beyer.

Board Members in Attendance: Mark Schmidlin, Derek Ahl, Gary Westlake, Charles Fowler, Renee Campbell, Chuck Berry, Bob Schaefer, Roger Beyer, Bill Brawley, Mike Cocco, and Jane Neubauer

Board Members in Attendance via Zoom: Larry Downey

USDA Representative(s) in Attendance: Patricia Petrella and George Webster

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

Guest(s) in Attendance: Frans Kok (via Zoom), Betty Malone (in-person), Jason Hanselman (via Zoom)

Agenda:

Marsha Gray requested the addition of the following items:

- Under Research Committee – “Move unspent funds from Accrued Expenses to Research Reserve.”
- Under Promotion Committee – “Demonstration of the Retail Locator”
- Under Management Staff Review – “Management Review.”
- Under Finance Committee – “Auditor.”

Roger Beyer requested the addition of the following items:

- Under Compliance Committee - “executive session for review of contract.”
- Under Industry Relations Committee – “Comments for dinner with NCTA.”
- Addition of “Public Comment” before Committee Reports and following USDA’s report.

Bob Schaefer requested the addition of the “Seedling Survey” under Old Business.

It was **MOVED** by Mark Schmidlin and **SECONDED** by Bill Brawley to approve the Agenda as corrected.

MOTION APPROVED.

Meeting Minutes:

It was **MOVED** by Bob Schaefer and **SECONDED** by Charles Fowler to approve June 17, 2021, Board meeting minutes as presented. **MOTION APPROVED.**

Public Comments: Frans Kok requested the Board packet be sent to him via email; Jenny Tomaszewski provided the packet via email.

Committee Reports

Finance:

- a. **June 2021 Financial Statement** - Bob Schaefer provided the Board a brief overview of the June 2021 financial statement.
- b. **Year-End Estimate** - Schaefer provided a brief overview of the Year-End Estimate. Marsha Gray shared that the Research budget of \$284,506 was all under contract but not paid. A journal entry will be created as a part of year-end financial work that will increase Research Expense to the fully contracted amount and increase the Accrued Expense line item.

It was **MOVED** by Gary Westlake and **SECONDED** by Chuck Berry to accept the June 2021 Financials as presented. **MOTION APPROVED.**

- c. **Auditor** - Marsha Gray shared that Propp Christensen Caniglia LLP is the CPA firm that has provided CTPB financial audits in the past; they have submitted their letter of engagement to the Finance Committee.

It was **MOVED** by Chuck Berry and **SECONDED** by Bill Brawley to engage Propp Christensen Caniglia LLP to audit the CTPB's financial records for the 2020-2021 fiscal year. **MOTION APPROVED.**

Research – Mark Schmidlin and Cyndi Knudson reported

- a. **Presentation of Recommended 2021-22 F.Y. Research Proposals** - Knudson presented the Research Committee recommendations to the Board for 2021-22 F.Y. Research Grant Proposals to be funded – 12 proposals (see attached) have been selected. Minor modifications have been made to three of the proposals since the Board had them available to review.
 - 21-UNB Cameron** - Carbon Sequestration calculator; the Research Committee requested the addition of a U.S. collaborator. Bert Cregg has agreed to collaborate, necessitating an increase in the proposal amount by \$3,850 for a total of \$30,152 Canadian dollars.
 - 21-OSU Moretti** - Screening new herbicides to manage herbicide-resistant weeds in Christmas trees at Oregon State University was modified to reflect Research Committee requested changes in the herbicides in the trial and consultation with Joe Neal (NCSU).
 - 21-MSSU-Granger**; Native Selections for Christmas Tree Production in the Southern Coastal Plain of the U.S., the Research Committee requested the addition of a couple of species. Total recommended for funding \$280,902 which is \$4,098 under budget.
- Discussion of projects by the Board followed.

It was **MOVED** by Derek Ahl and **SECONDED** by Bob Schaefer to fund the F.Y. 2021/2022 research proposals as recommended by the Research Committee with the modification of the additional amount for Project 21-UNB Cameron. **MOTION APPROVED.**

- b. **Research Library** - Cyndi Knudson presented an overview of the content for the new Research Library. Once the final report for a CTPB funded research project is submitted, it will be posted to the Research Library.

It was **MOVED** by Derek Ahl and **SECONDED** by Gary Westlake to publish the Research Library on the Christmastreepromotionboard.org website without password protection. **MOTION APPROVED.**

- Roger Beyer noted that typically there is no call-in access at in-person meetings. Due to COVID travel restrictions for Larry Downey, it was allowed for this meeting. CTPB in-person meetings, the Board is not required to offer telephone or electronic access unless we provide it to a Board member, and that is not expected in the future.
- c. **Move Unspent Funds from Accrued Expenses to Research Reserve** - Cyndi Knudson shared that Jill Sidebottom, North Carolina Researcher, has retired. Sidebottom was able to fulfill her research commitments to the CTPB and had funds remaining. North Carolina State University has released the CTPB's obligation for the unspent funds in the amount of \$15,659.77. The Research Committee is requesting those funds be moved to the research reserve funds from the accrued research funds.

It was **MOVED** by Chuck Berry and **SECONDED** by Mark Schmidlin to move unspent funds from the Accrued Expenses to the Research Reserve funds in the amount of \$15,659.77. **MOTION APPROVED.**

The Board recessed at 10:06 a.m. and reconvened at 10:17 a.m.

Governance:

- a. **Presentation of Recommended Order updates** - Charles Fowler presented recommended changes to the Order for the Board to review and consider.
- The Board discussed a variety of changes but discussed at length the recommended changes to sections 1214.16 Produce, 1214.17 Producer, and 1214.52 Assessments.

- The Committee is requesting clarification on the Exemption process from USDA regarding section 1214.53 Exemption from and refunds of assessments. Marsha Gray asked the Board their opinion on how we should proceed with Exempt growers regarding the reporting process. Must exempt growers file annually?
- Board discussed how to proceed with the Order, whether the Committee should take it back and continue to revise or involve the CTPB attorney for further review and advice.

It was **MOVED** by Derek Ahl and **SECONDED** by Bill Brawley to refer the Order back to the Committee for further work.

The motion was withdrawn without objection from the Board.

- Gary Westlake requested that the Board reviews section 1214.53 for further discussion. Roger Beyer recommended putting a hold on “presentation of recommended changes for final discussion” and revisiting it after lunch.
- b. Presentation of Policy Regarding the Recording of Board Meetings** - Marsha Gray presented a new policy regarding the recording of board meetings that will be placed in the CTPB’s Policy and Procedures. The new policy will state that the CTPB will not allow audio or video recording of the CTPB’s Board meeting or Committee meetings. Audio and video recordings of educational and informational material are permitted. Roger Beyer stated that if the meetings become recorded, they become public information.

It was **MOVED** by Bob Schaefer and **SECONDED** by Derek Ahl to accept the new policy regarding the recording of meetings as it was presented. **MOTION APPROVED.**

Board recessed for lunch at 11:58 a.m. and reconvened at 12:36 p.m.

- Roger Beyer recommended to the Board three paths with how to proceed: 1) the Committee takes the Order back and continues to work and then brings it back to the Board at the next Board meeting in September. 2) The Committee takes it back, works on it, and the Board gives them the blessing to move it up the chain to the Attorney. 3) The Committee takes it back, works on it, and makes an abbreviated presentation with the key points that have changed to the Board at a set time.
- Board discussion regarding the wording in section 1214.53. Board members called on USDA members for various clarifications within the terminology within the section.
- Roger Beyer requested that all Board members review sections 1214.16, 1214.17, and 1214.52 at length and submit all ideas on wording to Marsha Gray within the next two weeks.
- Betty Malone asked the Board if they want the auditable trail language in the Order. Discussion followed regarding who is the responsible party for paying the assessment.
- In the final stages, the Order will be submitted to the Attorney for review, then USDA and OGC for their approval. Finally, it is listed in the Federal Register for a 30-day public comment and review.

It was **MOVED** by Derek Ahl and **SECONDED** by Bill Brawley for the Committee to take the Order to the Lawyer for further input and bring it back to the Board at the January 2022 Board meeting.

- Discussion: Board discussion on whether to take the Order directly to the Lawyer. Charles Fowler would like the Board to be content, and without the Board's support, the Order is no good.
- The question was raised if the Committee is content with the path in which the Board has recommended.

MOTION APPROVED.

Betty Malone left the meeting following Governance Report.

Promotion:

- a. **Presentation of Retail Locator** - Bill Brawley and Marsha Gray provided a detailed demonstration of the Retail Locator for the Board. Board members did a step-by-step tutorial through their cell phones.
- Gray shared the many ways they are reaching out to growers and retailers to encourage them to sign up for the Retail Locator: Wholesale growers received an email and a flyer to share with their retailer customers. At State Association meetings, a flyer is being handed out along with a can koozie. Also, advertisements and editorial content have been published in magazines such as Limbs and Needles, Great Lakes Christmas Tree Journal, The Lookout, and Christmas Trees Magazine.
- b. **Presentation of Recommended 2021 Campaign** - Marsha Gray provided a presentation of the recommended 2021 Campaign for the two agencies with a total budget of \$910,000:
 - Fleishman Hillard (public relations firm): An itemized budget was presented to the Board with a recommended budget of \$436,000. Ideas presented: BuzzFeed Partnership, Satellite Media Tour, Influencer Mom & Dad Partners, create the CTPB “newsroom” – team members ready to answer any incoming questions. First and frequent strategy – three press releases, early, middle, and late. Hispanic Strategy & Outreach.
 - Concern regarding the CTPB newsroom, clarifying the web link and phone number is property of which the CTPB will have ownership. Gray stated that the CTPB would have the rights to both.

The Board recessed at 2:00 p.m. and reconvened at 2:11 p.m.

- Marsha Gray continued her presentation on the recommended 2021 Campaign:
 - Concept Farm (advertising, social channels): An itemized budget was presented to the Board with a recommended budget of \$466,900.00. Ideas presented: Website hosting, “how-to” content makes the website more searchable. Social Media posting through Facebook and Instagram, meet the converts – meeting with first-time families buying a real tree and getting their story. “How-to” resource guide, Tik Tok, traffic drivers, retailer support, and Spanish package for social post and website.
 - The Committee recommends supporting Trees for Troops/Christmas Spirit Foundation. The CTPB is listed on the tree tag as a sponsor. Recommended budget of \$10,000.
 - The Committee is recommending the transfer of \$14,000 from the Voice of the Industry in the Education line item to the Promotion budget for a total budget of \$924,000. These funds will help to offset the costs of the “Newsroom” project.

It was **MOVED** by Derek Ahl and **SECONDED** by Chuck Berry to approve the 2021 Campaign recommendations from Concept Farm and Fleishman Hillard, including Christmas Spirit Foundation, with a total budget of \$912,900. **MOTION APPROVED.**

- c. **Update on 2022 Marketing Agency Search** - Bill Brawley and Marsha Gray provided an update on the 2022 Marketing Agency Search – The deadline to submit a proposal was August 1st. An RFP was sent to 27 different companies. The Committee received four proposals, along with current agencies, Concept Farm and Fleishman Hillard.
 - Gray shared that two of the owners of Concept Farm have decided to part ways. The company is being reformatted; the name will change to Barnside.
 - The Promotion Committee will be reviewing the proposals within the next several weeks; they will score the proposals. In September, the Board will review the information and decide which of the firms to interview in person after the first of the year.

It was **MOVED** by Charles Fowler and **SECONDED** by Mark Schmidlin to move \$14,000 from the Education Line item to the Promotion Budget. **MOTION APPROVED.**

Compliance Committee – Derek Ahl reported
Jason Hanselman joined via Zoom.

- a. **Recommendation to Continue with Compliance Contractor** - Derek Ahl introduced Jason Hanselman. Hanselman provided an overview of the process that he uses in his compliance work for the CTPB. To date, Hanselman has collected a total amount of \$27,345 in back assessments owed, a number of

exemption forms, and information regarding closed farms. Hanselman works directly with Gray Management to update the Assessment Collect Report provided to the Board each meeting. Hanselman will provide an annual report as a result of his services on the total number of assessments collected, total number of exemptions, and total number of growers out of business.

Jason Hanselman left the meeting following his report.

- b. Executive Session for Review of Contract** – The Board did not enter an executive session.
 - Along with the Compliance Committee, Derek Ahl recommends continuing with the Compliance Contractor, Jason Hanselman, at a rate of \$50 per hour with a cap of 40 hours per month on average and a maximum of \$24,000 per year.

It was **MOVED** by Bob Schaefer and **SECONDED** by Chuck Berry to approve the contract with Jason Hanselman for \$50 per hour, up to 40 hours per month, and a maximum of \$24,000 per year. **MOTION APPROVED.**

- c. Recommendation to Contract with James Lantz for Grower Audits in 2021-22 F.Y.** - The Compliance Committee recommends continuing the contract with the auditor, James Lantz, to pursue grower audits in the 2021-22 fiscal year with a budget not to exceed \$26,000.
 - Question was raised if an audit can be conducted on someone who isn't reporting to the CTPB. USDA representative, Patricia Petrella, indicated that yes, that could be done.

It was **MOVED** by Bill Brawley and **SECONDED** by Gary Westlake to approve the contract with the auditor, Jim Lantz, for 2021-22 with a budget not to exceed \$26,000. **MOTION APPROVED.**

Industry Relations:

- Gary Westlake reported that the Industry Relations committee is distributing hand-outs and can koozies at State Association meetings to encourage participation on the Retail Locator.
- Westlake thanked the Research and Promotion Committees for all their hard work. Success in research and promotion makes the job easier for Industry Relations. He acknowledged that the Compliance, Finance & Governance Committees do just as important work but are less visible to program participants than Promotion & Research.
- **Comments for Dinner with NCTA** - The CTPB and NCTA will be gathering tonight, August 5, 2021, for a group dinner. Board members discussed good talking points for Roger Beyer to share with the NCTA.

Management Staff Updates – Marsha Gray Reported

- a. Assessment Collection Update** - A brief overview of the Assessment Collection. As of August 3, 2021, a collection of \$1,680,628.11. Gray shared that she is working with our database contractor to create two reports, an exempt grower report and a report that will reflect payments from past years.
- b. Board Nomination and Balloting** - the top two vote-getters from each region have been notified, and their names have been sent to The Secretary of Agriculture, who will then make appointments. In the Eastern Region: Gary Westlake and Travis Drexler. The Western Region: Bob Schaefer, Mark Schmidlin, James Puffer, and Terry Muilenburg.
- c. Management Review** - Every three years, USDA requires a Management Review. The review is scheduled for the first week of October in Howell, Michigan.

Old Business:

Seedling Survey - Bob Schaefer shared several comments regarding the Seedling Survey and information that he has received from local nurseries. Schaefer inquired where the funds came from to begin the project - Marsha Gray shared last year, this project was funded out of special projects; this year, it was funded through Gray Management staffing fee, as there are not many costs moving forward. Schaefer shared concern about the wording and wondered about double counting. Cyndi Knudson has been working vigorously to ensure the language is accurate to receive the best possible results.

New Business:

- a. **Legal Counsel Retainer** - Roger Beyer presented the engagement letter from Watkinson Miller, PLLC, who acts as the CTPB's Legal Counsel.

It was **MOVED** by Chuck Berry and **SECONDED** by Renee Campbell to approve Watkinson Miller as our legal counsel. **MOTION APPROVED.**

- b. **Sharing Provincial Reporting to Canadian Producers** - Marsha Gray shared she has received a request from a Canadian producer requesting the Canadian assessments be broken out by Province. It would be provided to all growers. Gray spoke with USDA, and they stated that the CTPB is already providing something similar for the U.S. and sees no issues with a report for Canada, so long as it shares the same confidentiality requirements as the U.S. reports.
- c. **Education Project** - Marsha Gray and Bill Brawley presented the idea of creating educational content. Currently, North Carolina and the N.C. Farm Bureau create a newspaper with content created for schools/youth organizations to use. Many states do something similar with their local Farm Bureau organizations or state agriculture departments. Brawley shared that it is a complicated process working on getting involved in the schools. Currently, there is no Education Committee, and this project may recommend the formation of an Education Committee.
 - The Board discussed the education content and felt that it would be a project for another time with the amount of work required.
- d. **Discussion on Weather Issues in Pacific Northwest** - Mark Schmidlin provided the Board pictures of his crop affected by the Pacific Northwest heatwave, and Bob Schaefer provided an update.

USDA Report: Patricia Petrella reported

- USDA may be attending Commodity meetings if they are meeting in person, depending on the current COVID situation.
- There are plans for USDA to phase back into the office on October 1st.

For the Good of the Order – Announcements:

- Mark Schmidlin thanked the chairman for all their hard work and encouraged the chairman to email their committee member to thank them for all their hard work as well.
- Bill Brawley expressed his concern about getting new extension agents as many of the current extension agents are retiring.
- Marsha Gray shared that Mark Arkills passed away Tuesday evening. Arkills was one of the original CTPB Board members, and she acknowledged his dedication and involvement in getting the CTPB off to a strong start. Arrangements are pending – when arrangements have been finalized, the Board will be notified.

Meeting Schedule:

- a. The Board's next meeting will be held on Thursday, September 16, 2021, at 11:00 a.m. Eastern time – the final Zoom meeting for the calendar year.
- Discussion on having an in-person meeting in January/February.
- b. The CTPB received an invitation to attend the Nova Scotia meeting held at Oak Island Resort on July 14-16, 2022.

Adjourn:

It was **MOVED** by Chuck Berry and **SECONDED** by Bill Brawley to adjourn the meeting. **MOTION APPROVED.**

Chairman Roger Beyer adjourned the meeting at 4:36 p.m. Eastern Daylight time.

Respectfully Submitted,

Gary Westlake
Secretary