

CHRISTMAS TREE PROMOTION BOARD

Board Meeting

May 19, 2022

Via Video Conference

Welcome and Roll Call: The meeting was called to order at 11:00 a.m. Eastern time by Chairman, Roger Beyer.

Board Members in Attendance: Derek Ahl, Gary Westlake, Chuck Berry, Bob Schaefer, Roger Beyer, Jane Neubauer, Mark Schmidlin, Larry Downey, Mike Cocco, and Renee Beutell

Board Members not in Attendance: Bill Brawley and Charles Fowler

USDA Representative(s) in Attendance: George Webster

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

Guest(s) in Attendance: Frans Kok

Agenda:

Roger Beyer requested that the Promotion Committee Report be conducted in a closed session. Marsha Gray asked for the addition of "Fidelity Bond" under Old Business, and Jane Neubauer noted the Promotion Committee would be presenting the 2022 campaign, not 2021 as stated in the agenda.

It was **MOVED** by Gary Westlake and **SECONDED** by Chuck Berry to approve the agenda as corrected. **MOTION APPROVED.**

Meeting Minutes:

It was **MOVED** by Bob Schaefer and **SECONDED** by Renee Beutell to approve the April 21, 2022, Board meeting minutes as presented. **MOTION APPROVED.**

Chairman's Report

- a. Nominations for 2023 Board Seat Appointments – Roger Beyer shared three positions are up for appointment starting January 1, 2023 - one in the Eastern Region, one in the Central Region, and one in the Western Region. The application deadline is June 1st for all nominations.

Committee Reports

Finance Committee – Bob Schaefer reported

- a. April 2022 Financials – Schaefer provided a brief overview of the April 2022 financials.
 - A question was asked regarding being over budget in the Board meeting category. Does a budget amendment need to be made? Marsha Gray shared the second in-person Board meeting is happening in the same fiscal year and will put the account over budget. A budget amendment will need to be determined and made over the next several weeks.

It was **MOVED** by Chuck Berry and **SECONDED** by Larry Downey to accept the April 2022 Financials as presented. **MOTION APPROVED.**

Research Committee – Mark Schmidlin and Cyndi Knudson reported

- a. RFP Process – The RFP was announced on May 3rd and dispersed to the known researchers, land grant universities, and other recommended researchers. The due date for proposals is June 22nd. Knudson will prepare the packets for the Research Committee to review and score. The Committee will then meet sometime around July 26th to rank the proposals and present them to the Board in August.
 - A question was asked if the researchers that apply have to be from an established University, or can an independent researcher apply? Knudson stated that a private company could apply, but they would have to abide by the CTPB's requirements.
 - Knudson updated the Board about a research topic at Washington State University looking at the economic impact of Christmas tree production in the major growing areas. The Research Committee

has asked them to submit a new proposal during the open RFP time.

- Mark Schmidlin and Cyndi Knudson will be traveling to California in mid-June.
- Bob Schaefer shared he has been asked to serve on a committee in the Northwest – the Committee is charged with putting together a plan for the replacement of Gary Chastagner and Chal Landrigen, who are retiring from WSU and OSU.

Industry Relations Committee – Gary Westlake

- Westlake had no new items to report.
- Westlake thanked Cyndi Knudson and Marsha Gray for the recent Constant Contact e-newsletter.

Governance Committee – Marsha Gray reported for Charles Fowler

- At the last Governance meeting, the Committee met with USDA representatives Sue Coleman, Heather Pichelman, Greg Breasher, and George Webster as the Committee walked through the changes in the Order they are considering. The Committee is waiting for a response from USDA with their feedback on the recommendations. USDA has urged the Committee members to do an in-person meeting in Washington D.C. in late June.

Compliance Committee– Derek Ahl reported

- a. Recommendation of Compliance Policy – Ahl provided a brief overview of the compliance policy and thanked Marsha Gray and Sue Coleman for their time in drafting the policy together.

It was **MOVED** by Gary Westlake and **SECONDED** by Chuck Berry to adopt the Compliance Policy as presented.

- The Board discussed the audit letter from the Auditor and the Executive Director at length, along with the audit window.
- At the next Compliance Committee meeting on May 31st, auditor Jim Lantz will attend and present the process that he follows for audits.
- Gary Westlake mentioned two small grammatical changes - the last two paragraphs of the policy, forward file should read “forward the file.”

Motion Amendment: It was **MOVED** by Bob Schaefer and **SECONDED** by Jane Neubauer to include the word “the” between forward and file in the last two sentences in the policy document. **MOTION APPROVED.**

- Board continued discussion on the policy and the number of years audited.
- Under section 1214.71 of the Order, George Webster shared that producers and importers subject to the Order are mandated to retain their records for at least two years past the fiscal year. Suggested discussing the compliance years at the next compliance committee meeting.

MOTION APPROVED.

Promotion Committee – Jane Neubauer reported for Bill Brawley

- a. Presentation of Recommended 2022 Campaign

Chairman, Roger Beyer, called the Board into an Executive Session at 11:49 a.m. Eastern time. The purpose of the closed session is because the information is confidential and could cause competitive harm to the industry if it becomes public. The Board will move into a closed session to hear a presentation from the Promotion Committee.

Chairman, Roger Beyer, adjourned the Executive Session at 12:26 p.m. Eastern time.

Jane Neubauer stated that during the closed session, the Board adopted a motion to approve the 2022 promotion campaign as presented, including contracting with Fleishman Hillard for up to \$916,500 and \$40,000 for various providers for projects, including Trees for Troop’s sponsorship, web hosting, website updates and management, retail locator updates, and communications outreach. The motion was approved

unanimously.

Management Staff Update – Marsha Gray reported

- a. Assessment Collection – A brief overview of the assessment collection report was provided. As of May 18, 2022, a total of \$1,674,595 has been received.

Old Business:

- a. Fidelity Bond – Marsha Gray shared that after the CTPB’s management review last year, USDA requested that the Board increase the level of their fidelity bond. Gray worked with individuals at USDA, and they agreed upon a \$250,000 fidelity coverage, which has been secured.

New Business:

- a. Management Evaluation – Roger Beyer thanked Board members that completed the evaluation. The results were compiled and shared with Gray Management, LLC.
- b. 2022-23 Management Agreement – Roger Beyer shared that Gray Management, LLC. is requesting compensation of \$220,500 be included in the budget for the next fiscal year. This is a 5.95 percent increase from the current contract, which is \$210,000. Over the past four years, the management compensation started at \$200,000 and has had two small incremental increases.

It was **MOVED** by Renee Beutell and **SECONDED** by Derek Ahl to approve the compensation request from Gray Management, LLC. in the amount of \$220,500. **MOTION APPROVED.**

USDA – George Webster reported

- a. Update on U.S. Customs Collections of Importer Assessments – Webster shared that they have no new update. Sue Coleman is working to reach out to U.S. Customs and Border Patrol staff to schedule a meeting with Marsha Gray and a few other individuals looking to get questions answered regarding the border collections process.

For the Good of the Order /Announcements:

- Frans Kok voiced his concerns about the order, stating that there should be an addition to exclude producers that produce less than 500 trees – they should not be subject to the order since they are excluded from the voting process. Kok also shared that the audit process should include one or two Board members each year so they can provide their input.
- Kok shared that at this point, there is no evidence that the CTPB has had any measurable influence on the total number of trees sold. Kok suggests that the CTPB should be more active in collecting information on the total number of trees sold each year and make that information available to the growers.
- A question was raised to Kok asking what he thought the best way would be to collect the information that he was seeking? Kok stated that \$100,000 a year is foundational to the CTPB - suggested having a consumer panel to determine whether promotional material produced by the CTPB would change your mind about purchasing a real Christmas tree.

Meeting Schedule:

- a. The next Board meeting will be held on Friday, June 24th, in Burlington, VT, at the Best Western Plus. Arrival on Thursday, June 23rd, Friday, June 24th, all-day Board meeting, and June 25th, VT/NH Association meeting in Middlebury, VT.
- b. The next Board meeting is tentatively scheduled for July 21, 2022, at 11:00 a.m. Eastern time.

Adjourn:

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

Chairman Roger Beyer adjourned the meeting at 12:55 p.m. Eastern time.

Respectfully Submitted,

Gary Westlake
Secretary