

REAL CHRISTMAS TREE BOARD
BOARD MEETING
April 20, 2023

Via Video Conference

Welcome and Roll Call: The meeting was called to order at 11:00 a.m. Eastern Time by Chairman, Derek Ahl.

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

Board Members Not in Attendance: Mike Cocco, Larry Downey

USDA Representative(s) in Attendance: George Webster

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

Agenda:

Derek Ahl requested the addition of C. Board Nominations under Management Staff Update.

Marsha Gray requested the addition of D. Update on the .org website under Management Staff Update.

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

Meeting Minutes:

It was **MOVED** by Renee Beutell and **SECONDED** by Gary Westlake to approve March 23, 2023, Board meeting minutes as presented. **MOTION APPROVED.**

It was **MOVED** by Chuck Berry and **SECONDED** by Roger Beyer to approve April 13, 2023, Board meeting minutes as presented. **MOTION APPROVED.**

Committee Reports

Finance Committee – Bob Schaefer reported.

- a. **March 2023 Financials** - Schaefer provided a brief overview of the March 2023 financials.
 - Question was raised if the Board is still being billed for the 2022 Promotion Campaign, as the budget reflects them under budget. Marsha Gray shared that the campaign bills have wrapped up as of March. The remaining funds in the account will allow the Promotion Committee to start the 2023 campaign in the current fiscal year.
 - Question was raised about the percentage of the assessment income being down compared to last year. Schaefer shared that he has compared year-end 2021 to April 2022 and believes that when a few major growers are down, it reflects the total number. Marsha Gray shared that the reports can be complicated as the numbers change and increase due to yearly audits and growers paying for previous harvest years.
 - Board members discussed the assessment income.

It was **MOVED** by Charles Fowler and **SECONDED** by Roger Beyer to accept March 2023 financials as they were presented. **MOTION APPROVED.**

Research Committee – Mark Schmidlin and Cyndi Knudson reported.

- a. **Seedling Survey** – Knudson shared that they are wrapping up the seedling survey and should have everything tabulated and sent to USDA for approval. The results should be released by the first week, possibly the second week of May.
- b. **Upcoming RFP Announcement** – The Research Committee is waiting for USDA to approve the RCTB Budget. Once the budget has been approved, the RFPs will be released on May 1st, with an eight-week window for proposals to be turned in. The deadline for submissions is expected to be June 30. The Research committee will use the month of July to review the proposals and present their

recommendations at the RCTB in-person meeting in August.

Industry Relations Committee – Gary Westlake and Marsha Gray reported.

- Westlake shared that the Industry Relations Committee has not met but hopes to have a meeting soon.
- Gray shared that one opportunity to communicate with growers is through private Facebook groups, sharing the RCTB's newest newsletter as they are published. Gray adjusted some formatting settings to make the newsletter easier to share on social media.
- Gray has emailed all State Association Directors, making them aware of the open positions on the Board. The email to State Directors included a request for their summer meeting dates, so Gray can start to schedule state meetings. Gray will be contacting Board members to see if they would like to attend some of the meetings.

Governance Committee – Charles Fowler reported.

- Marsha Gray, Charles Fowler, and USDA representatives George Webster and Sue Coleman met on Tuesday via Zoom to discuss presenting the recommended Order changes to the industry. Fowler requested that Board members share any concerns regarding the proposed changes to the Order. All data obtained must be disclosed to USDA when the Order is sent forward. The Governance Committee hopes to schedule a meeting between May 2nd and May 12th to discuss the received items.
- George Webster echoed what Fowler stated, if the Board knows of anything that might be contentious in these changes to the Order, USDA would like to know about them beforehand.
- Marsha Gray shared that after speaking with Sue Coleman and George Webster, USDA would like the Board to show that the recommended Order changes have been taken to the industry and that they understand the changes that the Board wishes to make. Gray recommends mailing a summary of the Order that will include highlighted changes for growers to review.

a. **10% Cap on Administrative Expenses**

It was **MOVED** by Charles Fowler and **SECONDED** by Chuck Berry to amend the Order recommendation previously approved to increase the administrative expense limit of 10% of assessment and other income to 15%.

- Board members discussed the administrative cost at length.
- Marsha Gray shared the distinction between programming and operating expenses in the financial statement. The Gray Management contract is split 65% under programming expenses and 35% under operating expenses. Other items, such as bank fees, insurance, and compliance work, are included in administrative costs. Gray provided a breakdown of the administrative limits of other R&P programs for reference.
- Charles Fowler shared the history behind why the Board initially selected 10% instead of the max of 15%. The initial thinking was that the program would be realizing assessment income of \$2 million or more.

MOTION APPROVED UNANIMOUSLY

Compliance Committee – Renee Beutell and Marsha Gray reported.

- Auditor Jim Lantz has begun communication with the eight growers selected for audit and hopes to have audits scheduled for May and June. Jim Lantz and Marsha Gray created a recorded presentation of what to expect if you have been selected for audit. The video has been shared with the eight selected growers and with the industry via the e-newsletter.
- Marsha Gray shared that Jason Hanselman has been given five significant cases that are not in compliance. Jamie Hanselman has been working on a larger number of smaller producers and has had great success.

Promotion Committee - Jane Neubauer reported.

- The Promotion Committee will meet via Zoom tomorrow, Friday, April 21, 2023. The Committee is also working on scheduling a meeting with the FleishmanHillard Team to begin planning for the coming year.

a. **Closed Session for Market Strategy Discussion.**

Chairman, Derek Ahl, called the Board into an Executive Session at 11:56 a.m. Eastern Time.

Chairman, Derek Ahl, adjourned the Executive Session at 12:28 p.m. Eastern Time.

Management Staff Update - Marsha Gray reported.

- Assessment Collection** - A brief overview of the assessment collection report was provided. As of April 19, 2023, a total of \$1,502,146.12 has been received.
- Case For Using “Fake” Terminology** - Gray thanked the Board for their feedback. The memo and packet have been sent to USDA for their review. George Webster shared that the Market Development Division will join a Marketing and Communications meeting today and will bring the case up for discussion. Sue Coleman is working on pushing the case forward for review. Once there is an update from USDA, Webster will share it with the Board.
 - Bob Schaefer thanked Marsha Gray for her work in creating the “fake” case.
- Nominations for the Board** – All nominations need to be submitted by June 1st, two names for every open seat are required, and there are currently six open seats. Gray has notified all the State Associations and sent a newsletter to the industry.
- Update on .org Site** – Minimal updates have been made on the .org site. Gray has met with Scott Park from Firefall, who manages the RCTB websites. Park is putting together a proposal to update the .org website to reflect the new look of the RCTB.

Old Business: No new items to report.

New Business: No new items to report.

USDA - George Webster reported.

- “Fake” Case - Webster will provide any updates to the Board as they arise.
- Budget for the new fiscal year has been sent to the Deputy Administrators’ office for final signature. Once signed, USDA will make the Board aware.
- Webster shared that diversity is important – the Board needs two names per seat. As much outreach for the open Board seats is important.
- Webster reminded the Board that if they hear any controversies with opening the Order for changes, please let USDA know.
- Marsha Gray asked Webster if the new US Customs collection system is still on schedule. Webster shared that everything is still on track as far as he knows. If Webster hears anything different, he will share that information with the Board.

For the Good of the Order/Announcements:

- Mikes Jones shared that the container costs from China to the US have dropped dramatically.
- Gary Westlake shared that rice farming is in the crossfire of causes of climate pollution.
- Mark Schmidlin shared that he is aware of two possible Board nominees in the Northwest.

Meeting Schedule:

- Next Meeting** - The next RCTB meetings will be held on May 18, and June 15 at 11:00 a.m. Eastern Time.
- Summer In-person Meeting** - The RCTB will meet on Thursday, August 3rd, in Cambridge, Minnesota, in conjunction with the Minnesota Christmas Tree Association meeting on August 4-5 (NCTA Tree and Wreath Contest).

Adjourn:

It was **MOVED** by Gary Westlake and **SECONDED** by Bob Schaefer to adjourn the meeting. **MOTION APPROVED.**

Chairman Derek Ahl adjourned the meeting at 12:48 p.m. Eastern Time.

Respectfully Submitted,

Chuck Berry
Secretary