

National Honey Board Meeting Minutes

PRESIDING: Eric Wenger, Chairperson

LOCATION: Denver, Colorado

DATE: October 18-19th, 2018

National Honey Board Members Present: Jill Clark, Eric Wenger, Michelle Poulk, Andrew Sargeantson, Lisa Hansel, Blake Shook, Greg Olsen, Charlie Kocot, Doug Hauke, Valeri Strachan-Severson

National Honey Board Alternates Present: Joan Gunter, Tim Burleson, Jeff Hull

National Honey Board Absent:

National Honey Board Staff Present: Margaret Lombard, Kelly Werning, Catherine Barry, Darren Brown, Jocelyn Martinez, Melissa Boone-Hall, Andrea Brening

Others Present: Patricia Petrella (USDA/AMS), Laurel Muir (Sterling Rice Group), Pat Masker (SRG) Don Ladhoff (FreshSmartSolutions), Keith Seiz (Brightly Creative), Andrea Schepke (Evans Hardy + Young), Linda Martin (Porter Novelli), Hailey Thompson (Porter Novelli), Nancy Seaquist (Sweet Harvest Foods), Andrew Shuck (Pure Sweet Honey), Shannon Bowen (Bee Maid Honey), Chris Stroh (Dutch Gold), Jeff Caley (Dutch Gold) Jay Rehurek (Sioux Honey Association), Bruce Nyhammer (Sioux Honey Association), Josh Hughes (Honey Tree), Clint Case (Glorybee Honey)

THURSDAY, OCTOBER 18TH, 2018

CALL TO ORDER

The Thursday session of the National Honey Board meeting was convened at 9:00 a.m. by Eric Wenger. Andrea Brening called the roll.

ACTION ITEM I TO ACCEPT THE CONSENT AGENDA

Motion by Doug Hauke, seconded by Lisa Hansel and carried to approve the consent agenda

ACTION ITEM II TO ACCEPT THE MINUTES

Motion by Jill Clark, seconded by Doug Hauke and carried to approve the consent minutes

AMS PRESENTATION

Patricia Petrella began by informing the board that the 2019 Nomination package was delayed due to a question with the First Handler position and a nominee disqualification. This was relating to lack of domestic honey purchases vs imported purchases.

This raises the question of whether we want to change the act and order to allow it to be purchases from either domestic or imported at a rate of 250,000lbs and who pay assessments and purchases from a producer. This would give us a wider field of people that can serve on the board and more inclusive. The decision is to decide if we want to start a ruling to change this?

Jill's suggestion was to explain this situation to both nominating organizations NHPDA & WHPSDA and see how they feel about it and see if they have any solutions. Then they can come back to the board to ask for changes.

Next up was the reapportionment of board members and review geographical placement of board members and domestic and importers and insure that it reflects the industry. This would come from a recommendation from the staff.

FINANCIAL UPDATE

Kelly Werning VP of Finance reviewed the status of the current financial statement for 2018 as of September 19th.

Highlights:

Assessment revenues are lower than expected and adjustments have been made to expenditures and we are currently running behind \$417,313. This is by design so that

we don't end the year with the surplus and by the end of the year we should end the year with the appropriate cash balance.

Refund request have one year to be submitted and we ask that you do those submissions in the same year as they occurred which is easier for accounting purposes.

2019 BUDGET PROPOSAL

Werning explained the \$6,940,000 dollars for assessments is a projection and is a comfortable number giving us a total revenue of 8.2 million dollars to work with for 2019.

Total Program Exp	\$6.3 million
G & A	\$723 thousand

Werning reviewed the assessments, expenditures and operating expenses then advised the board that that then leaves us with a \$1,230,000 for our Net Operating Revenue.

Our legal reserve is now at 200,000 as we released $\frac{1}{5}$ of the funds in relation to our old office.

PROPOSED BYLAW REVISIONS (4 changes)

- "Assistant Secretary/Treasurer" to "Board Employees".
- Remove language indicating the CEO will serve as the Assistant Secretary/Treasurer.
- Change "resolutions" to "motions".
- Remove "Assistant Secretary/Treasurer".

FIDELITY BOND INSURANCE REVIEW (2 Changes)

- Bylaws require Board approval on Fidelity Bond Coverage limits.
- Policy with Travelers Insurance with a total limit of \$1,500,000 in coverage.

(These changes will have to be voted on)

ACTION ITEM III BYLAW CHANGES

Motion by Doug Hauke, seconded by Valerie Severson and carried to accept changes to the Bylaws.

ACTION ITEM IV FIDELITY BOND INSURANCE

Motion by Doug Hauke, seconded by Charlie Kocot and carried to accept changes to Fidelity Bond Insurance.

COMPLIANCE UPDATE

This year Missy Boone-Hall & Kelly Werning got this program updated and in place. They made eleven visits to review accounts and conduct audits. Six of those resulted in additional assessments owed totaling approximately \$25,695 with no major findings just small errors.

In 2019 they do have a plan on who they will be auditing and will be reaching out to everyone and notifying them. They have developed a questionnaire for those people who are not currently paying assessments. This will be sent out after the first of the year along with the exemption forms. The list is compiled from several different sources, honey locator, AHPA and ABF and referrals from other industry members.

Werning shared a slide she created for 2017 to determine if we feel we are collecting our fair share of domestic assessments utilizing the NASA figures obtained from producers. The variance was about \$123,000 dollars. Based on the numbers she went back and looked at several more years and the average variance was \$350,000. It was very encouraging to do that review and also a good indicator of the accuracy of the current level of compliance audits.

The general feel from the board is that the NASA reporting from the beekeepers is not current and is off by more than this review may indicate.

AUDIT FIRM

Werning has been conducting interviews to review and select a new Internal audit firm as required by our bylaws. She received 3 proposals and after interviews of all three she selected Anderson & Whitney. She feels this firm is more up to date with current accounting practices, laws and governmental audit expertise. Selection was based on price, size of firm, client experience and approach.

NEW PAYMENT PORTAL

Presented by Boone-Hall & Darren Brown who have been working very hard with our team to get this service up and running. Phase 1 is completed which included an interface for 1st handlers to submit their reports in a timely manner and access to upload documents and process payments. This also creates a report database which will be useful for accounting and compliance.

Hall reviewed the online report and the information being requested and the payment options. We are working on a 3rd payment option of submitting the form and still mailing in a check.

Next phases of the portal process are adding US Customs and Import Interface, Organic Refunds and catalog orders.

Phase 2 for Import Assessments is 50% done and hoping to be completed by end of the year.

MARKETING PROGRAM OVERVIEW

Catherine Barry began by reviewing the history of the marketing program over the last few years beginning with the brand refresh moving on to the stakeholders needs.

The focus overall being driving honey usage and consumption. Current strategies are elevating honey usage during the morning occasion and showcasing honeys overall versatility. Lastly promoting honey's natural qualities and telling the story of honey.

- Pure & Natural
- Versatile
- Uniquely Flavorful
- Bee Friendly

Barry praised all the NHB Agency partners and all that they bring to the table in their different areas of expertise

1. Sterling-Rice Group/Brand Management & Market Research
2. Porter Novelli/Consumer PR/Nutrition/Issues Management
3. Fresh Smart Solutions/Retail Promotions & Shopper Marketing
4. Brightly Creative/Food & Beverage Manufacturers Marketing
5. Evans, Hardy + Young/Foodservice Marketing

The agency strategy workshops have been a focus of the NHB over the last couple of years to pull all the agencies together working more collaboratively on our overall messaging as a whole. This is now flowing very well and we will be meeting in November with the agencies to finalize 2019 programs.

EVALUATION OF THE NHB GENERIC PROGRAMS

Presented by Dr. Ron Ward and is based on his review of NHB programs since [2007 \(2017\)? This is a five-year review?](#)

He is evaluating the rate of return for NHB funds and explained his report to the board. He showed the overall positive impact that the NHB programs appear to have on the honey industry as a whole. As seen from the manufacturing side of honey. Our programs are reflecting an impact and are also impacted by the general decline in use of high fructose and sugar. To summarize, the report indicates an increase from 10% and is currently indicating an overall increase in ROI (Rate of Increase) of 35% between retail (15%) and wholesale (20%). These increases reflect how things would be if the board and its programs didn't exist.

The board meeting reconvened at 12:45

ATTITUDE & USAGE STUDY

Pat Masker went over the report and the key strategies of focus:

Masker discussed the objectives and methodology. She pointed out what the headlines with the Natural balancers are and noted that we are making great progress with them and usage is up. There is some softening with the general population in part due to negative perceptions of sweeteners in general.

She reviewed who the Natural Balancers are and what they are looking for and at. Then she continued to explain how we are influencing them in a positive light. General Population is not impacted quite so favorably due in part to negative perception of sugar. That being said honey is still the 2nd most popular sweetener behind sugar.

Masker touched base on what some of the issues are that are hindering the growth in usage of honey and bringing honey out onto the counter.

SRG has also reviewed how the organic vs non-organic has impacted sales. Sustainability & adulteration continues to be top of mind and with mixed information on bee health. So, we need to continue to message this topic in order to educate more of the population.

Health claims are always in the forefront as we continue to search for ways to increase usage based on claims for example antioxidants in honey.

Marketing implications for all of these issues that should be considered:

- Separate/insulate honey from the sweetener category
- Continue strong momentum with Natural Balancers
- Drive Breakfast usage
- Educate on Specific nutrition benefits
- Establish key sustainability commitments

IN-HOUSE MARKETING PROGRAMS & SOCIAL MEDIA UPDATES

Barry stated that these are programs handled internally which included food festivals and events that are attractive to Natural Balancers.

-Epcot International Flower and Garden Festival where we were selected as the guest favorite. All 3 of our food items at this event were in the top 10 favorites of the guests. We are looking at doing this festival again in 2019.

-Denver Brunch fest was also a positive event with a large attendance of our target audience.

STRATEGIC PLAN

The editorials we run we make sure they are in line with our message and audience. Food Network Magazine is a great feature for us throughout the year. Part of our partnership with Food Network includes the Taste Buds kitchen for kids and we feel was a homerun. Another added value with this partnership was the “10th Birthday Celebration” where honey was again the star.

DISNEY CHRISTOPHER ROBIN MOVIE PREMIER PARTNERSHIP

This partnership was done on a much smaller budget versus the budget we had for “Jungle Book”. However, this turned out to be an incredible event with a huge feature being honey. We also contributed a lot of digital promotions for this movie along with online promotions.

RECIPE DEVELOPMENT & PHOTOGRAPHY

This is a very important program that helps provide recipes and photographs for use by all our other programs, digital promotions and placements

HONEY INDUSTRY SUMMIT

This was our 2nd summit and was a fabulous event to benefit and educate members of the industry. We will be continuing to do this every other year in conjunction with our board meeting.

INDUSTRY NEWSLETTER

Provides ongoing updates and information on the NHB to people in the industry. We encourage you to share this with others and suggest that they also sign up.

FULFILLMENT MARKETING MATERIALS

A small program but provides wonderful materials for a lot of people in the industry to encourage usage and educates.

SOCIAL MEDIA

Jocelyn Martinez gave an overview of the Social Media & Digital media programs. This year’s goal was to see an increase in our social media activity.

Strategies for higher engagement and frequency. We were reaching for incremental opportunity increases especially with the Natural Balancers. Using the following platforms:

- Facebook
- Pinterest
- Twitter

-Instagram

We have initiated some new tools and tactics this year with boosted posts that support various NHB programs at a reasonable cost. Also delving into a few Instagram stories/highlights. These received a lot of views although still have room for growth as we are relatively new to this and are building our followers.

Another new territory has been through media placements blogs and promoting it through our social media platforms.

The eNewsletter continues to educate and inform consumers and people in the industry. Although we are looking for ways to reach out and get more people to sign up for these newsletters.

CONSUMER PR UPDATE

Hailey Thompson with Porter Novelli covered our consumer strategies through the following plans, Guided and supported by surveys, media pitching and social media.

- Buzz Builders
- Breakfast
- Inspiration

With the goal that separately and together we can drive more activity to our social channels and placements. Key learnings at the end of 2018 to put forth into 2019 are as follows:

- Continue working with notable chefs
- Focus on Varietals
- Securing in-restaurant recipes

BRAND MANAGEMENT UPDATE

Laurel Muir talked about the importance of sharing the same messages throughout all our programs for a greater impact.

- Photography/Videos
- Look
- Recipes

-Messages

Sustainability Strategy objectives are:

Bees & Sustainability

Bee Health

Education Materials

Honey Pollination

They are creating a very short video called [Sizzle](#) that will showcase what the Honey Board is doing and can be shared with the industry and industry associations.

Action Item: Add overnight oats instruction to the videos or a link to directions

INGREDIENT MARKETING

Keith went over the four programs focuses and what the audiences are.

Core programs

Outreach

Honey Summits

Conferences

They are targeting the following users:

-Bakers (Wholesale & Retail)

-Beer (#2 user of honey)

-Beverages (#1 user of honey)

-Spirits (Growing industry with lots of potential)

FOODSERVICE

Andrea Schepke shared what they are doing which revolves a lot around driving trends with Restaurant Operators. She also reviewed some of the opportunities and challenges. Current trends are:

-Breakfast (And its perception & including global recipes)

-Beverage (Thirst for options and healthier options)

-Limited Time Offers (LTO) (To drive interest and business)

RETAIL PROGRAM

Don Ladhoff reviewed the retail programs and the strategies and key learnings.

- Gain Strong Retailer Support
- Leverage Brand Partnerships
- Measure Program Impact for Future Programs

Action Item to research: What is the prime location of honey in retail stores???

4:35 Meeting was adjourned

FRIDAY, OCTOBER 19TH, 2018

The unofficial Friday session of the National Honey Board was convened at 8:35 by Eric Wenger, Andrea Brening

INTERIM TREASURER

Wenger started off by notifying the group that the board needed to select a temporary Secretary-Treasurer for Q12019 as Charlie Kocot roles off at the end of the year. It has to be current members not rolling off so not Kocot, Clark or Severson.

Nominees were Lisa Hansel, Michelle Poulk, Andy Sargeantson, Blake Shook, Doug Hauke, Greg Olsen, nominees that accepted the nomination were Hansel and Hauke.

The nomination was Lisa Hansel elected as interim treasurer.

ALTERNATE BOARD MEMBER EXPENSES

ACTION ITEM V ALTERNATE BOARD MEMBER ATTENDANCE

Motion by Michelle Poulk, seconded by Lisa Hansel to reimburse all alternates for any board meeting expenses if they choose to attend board meetings and carried to accept.

HONEY.COM PURCHASE OFFER

Barry shared background on the company Honey Science Corporation (i.e. joinhoney.com) by showing a video to familiarize the Board with the work that they do. In addition, she detailed the history of the communication with Honey Science Corporation and reviewed the various stages of offers that have been received to date.

Due to the significant increase in offers over time, the NHB consulted brand and digital strategists to determine if it was in the best interest of the Board and the honey industry to sell the honey.com domain name. After reviewing those findings, the Board declined the \$1MM offer at the 2018 Spring Board Meeting. Therefore, Honey Science Corporation increased their offer for a second time and the current offer sits at \$1.7 MM with \$100K to be paid annually on domain transfer anniversary for three years for a total offer of \$2 MM.

Barry detailed the history of the honey.com domain name and how the NHB has owned it since 1997. She stressed the importance of the URL to the Board and explained how it is the center of all the NHB's communications.

She proceeded to review supporting data and statistics with the Board that shows the value of owning honey.com and what an asset it is for the Board. There is significant brand equity for the Board in the domain name.

It is the recommendation of the NHB staff to the Board to not release ownership of the NHB asset, honey.com domain name, and for the Board to safeguard the URL.

Wenger asked if anyone was in favor of selling the URL? The Board unanimously agreed to not sell the honey.com domain name. Wenger proceeded to pose another question asking if there was a way to decline the offer and all future offers. After further discussion a motion was proposed.

ACTION ITEM VI URL OFFER

Motion by Jill Clark, seconded by Greg Olsen to decline the URL offer with letter to all board members and USDA and accepted and carried to approve.

ECONOMIC IMPACT STUDY

This session was presented by Dr. William Matthews from University of California who began by explaining the contributions of the U.S. Honey Industry to the U.S. Economy

by providing some history and overview. He then explained how they went about determining the impact and what core facts they looked at consumptions, production, revenue, supply.

The U.S. honey industry is a dynamic part of the US agriculture and contributes to the U.S. economy and extends well beyond the immediate industry.

Part of his review covered the classifications of impacts such as direct, indirect and induced effects. Then the Economic measures of impact: Value of output, value added, employment.

The bottom line:

1.96 billion of output to U.S. economy

718 million of value added to U.S. Gross Domestic Product

12,502 jobs to U.S. employment

Linda Martin shared with the board the purpose of the Impact Research in creating a positive story about the high economic impact of honey on the U.S. Economy.

This story will include materials, messaging, white paper, social media, press outreach to get the information out and sharing it.

NUTRITION RESEARCH

Linda Martin shared the update on the nutrition program which is used to create data that can be used in their messaging. We do not currently have a lot of research information to do this. Therefore, we have come up with an objective in achieving the outcomes we want to promote honey and its benefits.

They started off by conducting scientific research workshops that determined the point of focus that is important and promising:

-Antioxidants

-Digestive health (prebiotic)

They will be issuing RFP's in November to find research projects that they might want to do, this is time consuming and will take about a year.

In the meantime, they are working on a Nutrition research study to determine how much honey people are eating and what else are they eating in users age 25-54. Also, to find out what issues this group is dealing with to help direct what health issues they might be interested in.

ISSUES MANAGEMENT/HITF UPDATE

Lombard wanted to share with the board the status of issues. Honey Integrity Task Force is made up of many different groups in the industry to discuss issues and solve problems together Food fraud, standards of identity, custom border patrol.

The honey adulteration exercise was conducted to determine if the results were the same from different labs. The results all came back different from all 4 labs which does not give us a high level of confidence in the labs.

Retail random sample tests from retailers across the country, results are still pending and we will share later.

USDA PROCESS VERIFIED

This is a way for the USDA to qualify and substantiate the supply change. This is voluntary and paid thru user fees. The problem with this is there is no way to determine what is verified and the findings are not released.

Added sugar labeling is currently waiting on the final guidance that will provide a path forward to single ingredient?????

FDA Innovation strategy which will review a standard of identity for honey.

The board expressed their concern about being prepared with crisis talking points for glyphosate. Lombard communicated to the board that our crisis program does have a statement ready. But the issue itself is not something we are actively working on.

KPI SCORECARD

Discussed by Barry, that we had done a strategic plan review but we haven't been tracking research. She began by reviewing what the NHB mission is and what the goals on our strategic plan are.

Marketing scorecard: All reviewed based on A & U studies and Nielsen and both show increases on all levels, usage and sales.

Industry Outreach: Includes industry updates through newsletters, industry sizzle reel and annual report. All of these are having positive and strong results.

Research: Developed an annual research plan by volumetric and segmentation studies, economic impact and ROI studies, menu tracking, new product intro, U & A study.

Measurement/Progress in place

REAPPORTIONMENT

Reapportionment of Board Members 1212.48 that reviews the status of our board every 5 years. We can now either take action or do nothing. The board talked about what the current board is made up of.

ACTION ITEM VII REAPPORTIONMENT OF BOARD

Motion by Andy Sargeantson, seconded by Doug to leave the board seats as is and carried to accept.

ACTION ITEM VIII APPROVE 2019 BUDGET

Motion by Michelle Poulk, seconded by Charlie Kocot to accept the 2019 budget and carried to accept. (Additional funds may be needed for alternates to attend board meetings, but this can be dealt with after research by Werning and an amendment in the Spring if needed).

Action Items:

-Bee health press release on how much we spend on bee health suggest by Shook.

-Olsen spoke about trying to share the story of honey to include beekeepers around the country and the world and the impact of beekeeping on the lives of so many especially in third world countries. Helping people and bees. Which can be included with social media and outreach.

ADJOURNMENT

ACTION ITEM IX

Motion by Valeri Severson, seconded by Doug Hauke to adjourn the meeting.

The meeting was adjourned at 11:55.

Andrea Brening/Transcriber

