

NATIONAL HONEY BOARD

MEETING MINUTES

PRESIDING: BRENT BARKMAN, CHAIR

LOCATION: Asheville, North Carolina

DATE: April 30-May 1, 2015

National Honey Board Members Present: Brent Barkman, Jill Clark, Charles Kocot, George Hansen, Douglas Hauke, Mark Jensen, Mathias Leitner, Mark Mammen, Ron Phipps, Eric Wenger

National Honey Board Alternates Present: Randy Verhoek , Jeffrey Dong

National Honey Board Alternates Absent: Michelle Poulk

National Honey Board Staff Present: Andrea Brening, Sam Butler, Catherine Barry, Margaret Lombard, Jocelyn Martinez, Jessica Schindler

Others Present: Patricia Petrella, (USDA/AMS), Jerry Probst (consultant) Pam Phipps (importer) Keith Seiz (Arland Group), Andrea Schepke (Evans Hardy + Young) Mary Anne Davitt (transcriber)

THURSDAY, APRIL 30, 2015

The Thursday session of the National Honey Board meeting was convened at 8:05 a.m. by Brent Barkman. Andrea Brening called the roll.

ACTION ITEM I AGENDA

Barkman made several additions to the printed agenda.

Motion by Mark Jensen, seconded by Doug Hauke and carried to approve the Agenda as modified.

ACTION ITEM II CONSENT AGENDA

Barkman briefly reviewed the three sets of minutes in the consent agenda.

Motion by George Hansen, seconded by Ron Phipps and carried to approve the Consent Agenda.

DIVERSITY POLICY

Barkman stated that the Diversity Policy was in place.

THANK YOU PLAQUE PRESENTATION

A thank-you plaque was given to each Board member, and Margaret Lombard explained their purpose.

CODE OF ETHICS AND CONFLICT OF INTEREST STATEMENTS

Barkman stated that all Board members had signed the Code of Ethics.

AMS REPORT

Patricia Petrella, of USDA/AMS, stated that the assessment increase was implemented. The Honey Board referendum has concluded, though the ballots were still to be counted.

AMS ORIENTATION AND SWEARING IN OF NEW BOARD MEMBERS

Petrella held an orientation for new and returning Board members, with a slide show on the structure of USDA-AMS, the formation and history of commodity boards, the legal authority of USDA/AMS, and its responsibilities with respect to the Honey Board. She reviewed Board member responsibilities and accountability, and then conducted the official swearing in of the following new or reappointed Board members and alternates: Mark Jensen, Randy Verhoek, Eric Wenger, Michelle Poulk (absent), Matthias Leitner and Jeffrey Dong.

FINANCIAL UPDATE

For the benefit of new Board members, Sam Butler reviewed the expense report and form and reimbursement policies and procedures, and explained the structure of the financial statements. He discussed revenues and expenses and compared them to the previous year, explaining the budget variance report and the allocation and carryover of expenses. He discussed some of the implications of cash basis accounting and explained the background of the figures in the proposed budget amendments. He also presented the results of the recent AMS management review and the compliance update.

ACTION ITEM III REIMBURSEMENT POLICY CHANGE

George Hansen asked about the possibility of a policy change to allow for the submission of paperless expense reimbursement receipts.

Motion by George Hansen, seconded by Doug Hauke and carried to investigate changing the reimbursement policy to allow for the paperless expense reimbursement receipt submission.

2014 AUDIT

NHB auditor Barbara Clausen, CPA, made a telephonic presentation to the Board on the 2014 audited financial statements. She summarized and explained the variety of aspects of her review, stating that she had encountered no difficulties with management

during the audit and had identified no misstatements. She thanked Margaret Lombard, Sam Butler and Marlys Christiason for their help.

ACTION ITEM IV 2013 AUDIT

Motion by Jill Clark, seconded by Mark Mammen and carried to accept the 2014 audited financial statements as presented.

MARKETING

2015 Flavor of the Year. Catherine Barry reported on the selection of honey as the “2015 Flavor of the Year” by Firmenich, the world’s largest privately-owned flavor and perfume company. Barry discussed the implications of this honor, and displayed several newly developed graphics, including a Honey logo with a 2015 Flavor of the Year tagline, noting that this graphic’s special “award” look and feel could enhance the impact of advertising efforts. Stating that other items had been cut from the Marketing budget to fund the 2015 Flavor of the Year promotional activities, she presented the proposed 2015 Flavor of the Year budget, together with plans for the areas of ingredient, food service, and consumer marketing. She also discussed plans for consumer print advertising and presented a consumer ad graphic of the honey bear being awarded flavor of the year. The Board provided feedback on various aspects of this graphic.

Foodservice Marketing. For the 2015 Flavor of the Year “Flavor Experience,” the Honey Board is elevating its sponsor level from gold to pinnacle, with correspondingly greater marketing exposure. Foodservice trade advertising will include a combination of print and online activities. A possible new sponsorship with the National Restaurant Association was discussed. Website visitors will be able to download a white paper about how to use honey in existing product lines.

Ingredient Marketing. This involves outreach to packaged food and beverage manufacturers, targeting audiences such as craft brewers, bakers and dairy processors. A honey beer competition has been developed to encourage more brewing of honey beer. Ingredient trade advertising will combine print and online activities and grant priority to special issues such as a buyer’s guide.

FIRST 100 DAYS

Margaret Lombard, the new Honey Board CEO, reviewed the Board’s strengths, weaknesses, opportunities and threats (SWOT) as she had observed them in the first months of her tenure. Strengths include the National Honey Board and staff, Honey Spokesperson Chef David Guas, the 2015 Flavor of the Year, the image database, and the agency partners. Weaknesses include a brand identity crisis (the interchangeable use of the NHB logo and the honey logo creates confusion), the diversity of newsletter formats and the diversity of websites. Opportunity lies in strategic planning, and there was discussion of its benefits. Threats include honey bee health and welfare, the Tylosin issue, the GMO controversy, and keeping pace with the growing consumer demand for organics. Recommendations include a National Honey Board brand

refresh, coordination of the agency partners collaboration, a retail program development for 2016, and a Honey Board strategic planning session in the fall of 2015.

2016 STRATEGIC PLANNING – KEY INITIATIVE FOCUS DISCUSSION

Lombard and Barry led an exercise in which the Board members were asked to prioritize each of eight initiatives according to their individual perceptions. The results revealed the following priorities: 1 - Ingredient Marketing; 2 (two initiatives tied) - Retail Promotions AND Consumer Marketing; 4 (no 3rd place – see #2) - Food Service Marketing; 5 - Research; 6 - Hispanic Marketing; 7 – Minor League Baseball; 8 - Industry Services. Lombard thanked the Board members for their input.

CHEF DAVID GUAS

Jessica Schindler reported on the activities of National Honey Board Spokesperson Chef David Guas, summarizing his numerous achievements and activities, and showing a film clip of an interview of Guas by Ashley Dvorkin on the subject of summer grilling with honey (for a Fox Lifestyle show). Schindler stated that Guas had inspired the Omni staff, in connection with the NHB partnership with Omni. She reviewed the 2015 plans for Guas' spokesperson activities, including the Omni partnership, the Hispanic grilling campaign, the integrated media tour, an event in New York City, the test kitchen, and Fox Lifestyle Online, and noted that they are looking to make Guas the chef face/personality of honey in 2016. Guas' passion for honey and bees was noted.

HONEY BEAR MASCOT

The newly redesigned honey bear mascot costume, with its better ventilation, reduced padding, lighter weight and greater durability, was modeled for the Board. The costumes have been custom made in San Francisco.

INGREDIENT MARKETING UPDATE

Keith Seiz, of The Arland Group, reviewed the 2015 ingredient marketing campaign, noting how the ingredient marketing program had evolved over the past five years, with the current emphasis on fresh and wholesome. Baking, snack and beverage are the targeted industries. Core strategies include print and online advertising, public relations, and interactive. The direct strategies are designed to put Seiz and his team in contact with manufacturers to show how honey would fit directly into their marketing plans. Seiz reported that an Arland Group survey of perceptions of "natural" among the top sweeteners ranked honey first. He stated that nearly half of consumers are willing to pay more for a product with honey, and that an important part of Honey Board messaging should be that honey makes a product premium. Seiz also reviewed plans for the Craft Brewers Conference, the August R&A Applications Seminar in Chicago, the June Honey Baking Summit in Providence, and the September Honey Beer Summit in September.

NIELSEN RESEARCH UPDATE

The Board held a teleconference with Nielsen's Patrick Dougherty, who reviewed honey segment trends, growth, and consumption, noting an increase in the number of

households purchasing honey. He described the honey consumer profile and demographics, and suggested that packaging was an important consideration.

FOOD SERVICE PUBLIC RELATIONS UPDATE AND OMNI PARTNERSHIP

Andrea Schepke, of Evans Hardy & Young, discussed the 2015 foodservice public relations program. She reported that the Honey Board had participated as a gold-level sponsor in the April 2015 Women Chefs & Restaurateurs conference in New York, where Margaret Lombard presented the first-ever Golden Amulet Award. Honey was featured in foods and beverages throughout that conference. Schepke described trade media outreach activities with IFEC, including sponsorship of an IFEC/National Restaurant Association reception in Chicago, and promoting honey news, information and resources, and leveraging relationships with food and beverage professionals. Other activities include Foodservice Editors Honey Summit, a honey immersion event for foodservice editors, with experiential learning; an August event at Omni Amelia Island for leading foodservice editors; the “Sweet on Honey” Series, a year-long editorial series underway with Tasting Panel magazine, with each issue featuring one of the Honey Beverage Summit VIPs on how they are using honey; year 5 of the “Hot from the Hive” e-newsletter, which delivers honey news and information to the foodservice industry and promotes Honey Board resources; the second year of participation in Flavor Experience 2015, which provides networking with chefs/sponsors for possible honey tie-ins and making further connections with menu decision makers; strategic marketing partnerships for menu and marketing opportunities; and exploring marketing partnerships with Rock Bottom Brewery Restaurants, CPK, Dave & Busters and others.

TYLOSIN TASKFORCE UPDATE

Eric Wenger gave an update on the Tylosin taskforce. He reported on FDA findings on residue, and suggested that the industry become involved in regulating tolerance levels, which are a factor in the EU free trade discussions.

AMENDED 2015 BUDGET

Sam Butler presented a proposed budget, revised to include projections of the additional amounts expected from the assessment increase. The issue of collecting the retroactive portion of the assessment increase (that is, January-May, before publication of the increase in the Federal Register) was discussed in depth. After consulting with AMS, Patty Petrella reported that the Honey Board could work with assessment payers to develop payment plans, but the retroactive payments would have to be completed by the end of 2015.

ACTION ITEM V AMENDED BUDGET ALLOCATIONS

Motion by George Hansen, seconded by Mark Mammen and carried to allocate \$136,500 to research, \$100,000 to emerging opportunities, and \$500,000 to marketing.

ACTION ITEM VI AMENDED BUDGET APPROVAL

Motion by Eric Wenger, seconded by Mark Jensen and carried to approve the amended budget as amended by the budget allocations motion.

APIMONDIA 2015

The Board will have a platinum-level sponsorship for Apimondia. There was discussion of the specifics of the Honey Board's representation at Apimondia 2015.

ACTION ITEM VII NHB AT APIMONDIA

Motion by Eric Wenger, seconded by Ron Phipps and carried to send CEO Margaret Lombard to the 2015 Apimondia in South Korea.

REVISED PRODUCTION RFP APPROVAL

Margaret Lombard asked for discussion of a revised production RFP. Brent Barkman observed that the Research Committee should have the power and discretion to deal with this issue, and recommended that the committee contact AMS for clarification.

PACKER TRACKING STUDY

Lombard reviewed 10 years of the Packer Tracking Study, noting similarities in the statistical information provided by each year's results. She recommended that, because of the low variation in such information from year to year, the survey (now quarterly) be conducted every five years or on an as-needed basis. The logistics of the survey were discussed, and it was noted that most packers are not included in the study.

ACTION ITEM VIII PACKER TRACKING STUDY

Motion by Eric Wenger, seconded by Charles Kocot and carried to discontinue the Packer Tracking Study.

MEAD RESEARCH PROPOSAL

Lombard reported that both David Ropa and Keith Seiz recommended against funding the mead research proposal because of the cost of the research, as well as the volume of studies already available.

Motion by Charles Kocot, seconded by Ron Phipps and carried not to fund the mead research proposal.

NEXT MEETING LOCATION AND DATE

There was a consensus to hold the October 2015 Board meeting over two full days on Thursday and Friday, October 15-16, and a consensus to give the staff discretion to make the final decision about the specific location.

ELECTION OF OFFICERS

The offices of Chairman, Vice Chairman, and Secretary-Treasurer were opened for nominations. Voting was by secret ballot, and Andrea Brening served as teller.

ACTION ITEM IX ELECTION OF CHAIRMAN

Jill Clark and Mark Mammen were nominated for the position of Chairman.

Motion by George Hansen to close nominations.

Jill Clark was elected National Honey Board Chairman.

ACTION ITEM X ELECTION OF VICE CHAIRMAN

Mark Mammen and Mark Jensen were nominated for the position of Vice Chairman.

Motion by George Hansen to close nominations.

Mark Mammen was elected National Honey Board Vice-Chairman.

ACTION ITEM XI ELECTION OF SECRETARY-TREASURER

Eric Wenger was nominated for the position of Secretary-Treasurer.

Motion by Mark Mammen, seconded by George Hansen and carried to close nominations and elect Eric Wenger by unanimous ballot.

Eric Wenger was elected National Honey Board Secretary-Treasurer.

Board members expressed thanks to CEO Margaret Lombard, to Brent Barkman for his three years of service as National Honey Board chair, and to former CEO Bruce Boynton for his many years of service.

ADJOURNMENT

ACTION ITEM XII ADJOURNMENT

Motion by Brent Barkman, seconded by Eric Wenger and carried to adjourn.

The meeting was adjourned at 11:30 a.m.

Respectfully submitted,

Mary Anne Davitt
Transcriber