

National Honey Board Meeting Minutes

PRESIDING: Eric Wenger, Chairperson

LOCATION: Scottsdale, Arizona

DATE: May 2-3rd, 2019

National Honey Board Members Present: Eric Wenger, Michelle Poulk, John Olney, Tom Sargeantson, Andrew Sargeantson, Greg Olsen, Blake Shook, Doug Hauke, Patricia Sundberg

National Honey Board Alternates Present: Joan Gunter, Missy Foott, Denise Willi, Jeffrey Dong, Mathias Leitner, Kevin Jensen

National Honey Board Absent: Lisa Hansel

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

Others Present: Patricia Petrella USDA/AMS), Laura Morin (Sterling Rice Group), Pat Masker (SRG), Jimmy Szczepanek (Porter Novelli), Hailey Thompson (Porter Novelli), Don Ladhoff (FreshSmartSolutions), Keith Seiz (Brightly Creative), Andrea Schepke (Evans Hardy + Young), Danielle Downey (Project *Apis m*), Evan Himes (Dutch Gold), Stu Grubbs (Nature Nates)

THURSDAY, MAY 2ND, 2019

CALL TO ORDER

The Thursday session of the National Honey Board meeting was convened at 9.04 a.m. by Eric Wenger. Andrea Brening called the roll.

ACTION ITEM I TO ACCEPT THE CONSENT AGENDA

Motion by Patricia Sundberg, seconded by Doug Hauke and carried to approve the consent agenda

ACTION ITEM II TO ACCEPT THE MINUTES

Motion by Doug Hauke, seconded by Blake Shook and carried to approve the minutes

AMS PRESENTATION

Patricia Petrella began by welcoming the new members and providing them with a letter and certificate from the Secretary of Agriculture, Sonny Perdue. She then swore them all in as members of the National Honey Board.

- Patricia Sundberg/Montana
- Kevin Jensen/North Dakota
- John Olney/Michigan
- Tom Sargeantson/Colorado
- Jeffery Dong/California
- Denise Willi/ Florida

USDA UPDATE & NHB INITIATIVES

Margaret Lombard briefly discussed the data posted on our website regarding imported pounds and the discrepancies being reported by the Foreign Agriculture Dept. We are working with USDA and Customs to resolve this issue, which was caused in part by the government shutdown.

The Commercial Items Description (CID) is in the final phases and hopefully around the end of May there will be a final decision. Wenger asked how we are updating the industry as a whole on this issue. Lombard reported that she has sent the information to Christie Heintz with the Honey Integrity Task Force to share with everyone. Wenger suggested doing a newsflash through ABF or AHPA etc.

Codex is being developed to provide an international identity standard for honey and is not recognized by USDA in the USA, hence the work on creating a CID. It is the next step after standard of identity

FINANCIAL UPDATE

Kelly Werning VP of Finance reviewed the status of the current financial statement for 2019, starting off with the 1st Quarter information.

Cash in the bank is looking larger due to the government shutdown we were being cautious with spending and then being slow to paying out, this will balance out as we catch up on spending.

Total Liabilities and Net Assets are at \$2,427,394

She then reviewed the P & L statements noting that we were in a solid position at the end of the 1st Quarter.

Total Revenue \$1,855,659

Refunds \$142,987

Excess Revenue/Expenses \$419,287

2019 BUDGET AMENDMENT

This will have to be voted on tomorrow.

Werning reviewed the total revenues expected for 2019 and pointed out that we ended 2018 better than expected and above what was budget at \$500,000.

We have about \$900,000 more than anticipated.

She discussed monies allocated to research, marketing & promotions and emerging opportunities.

We added about \$20,000 to admin mostly for board meetings to cover costs for alternates to attend both meetings and to account for growing industry costs for hotels, F & B and travel. Also, additional funds towards audit travel expenses.

NHB POLICY UPDATES

Werning discussed that these are in relation to accounting policy changes and there are three of them as follows:

1. Page 16 remove American Express wording from credit card form as the program policy language is now credit card.

2. Page 19 update how we receive imports customs data from cd to a data file.
3. Page 20 Addition of NHB Assessment Portal to payment policies.

To be voted on tomorrow

AMS REVIEW REPORT

Review covered 2015, 2016 and 2017 and is required to be conducted every 3 years. The purpose of this is to ensure NHB is operating within the scope of the Act, Order, Bylaws, AMS guidelines and internal policies.

We ended up with a very clean report from USDA

There were three minor findings, two of which had already been mitigated during the 2018 year and the last will be corrected in 2019. Werning told the board what each of those 3 findings were.

Michelle Poulk commented how impressive it was that those were the only findings in three years.

Compliance was briefly discussed as far as what the plans are for the year for audit visits for Werning and Missy Boone-Hall. These results will be presented at the Fall 2019 board meeting. If you have any tips on anyone that should possibly be audited please contact us. Any information submitted would be completely confidential and it really does benefit the whole honey industry to locate any unpaid assessments.

Andy Sargeantson asked if the difference between assessments and reporting is considered minimal? Werning noted that it is very difficult to track, but overall, we feel we do a good job. We hope that the portal will help track and analysis this and determine who is packing more than 250,000 lbs. There are a large portion of packers that pack less than 250,000 lbs. Receiving exemption forms also helps us to determine who should pay assessments and who doesn't and to track that.

NHB ASSESSMENT PORTAL UPDATE

This system has been put in place to allow First Handlers to submit reports and make payments online. This is also important in providing us with much needed reporting data and information. It is working really well and has received good reviews from those using it.

MARKETING PROGRAMS OVERVIEW

Catherine Barry began this presentation by thanking the board for allowing us to do all the work we do.

She began by discussing some of the plans she has for spending some of the additional marketing funds. This will go towards the following Nutrition Research, Honey Industry Summit (annually), and more opportunities within our marketing agencies.

Review of 2018 programs featuring:

- Marketing
- Nutrition Communications
- Reputation Management
- Industry Outreach
- Research
- Financials

She shared a draft copy of the program overview with the board to review and asked for any input to help direct and guide them. A finalized copy will be sent out to the board and other associations later. She also showed the Sizzle Reel video with board that outlines the 2018 programs.

NHB LOGO

Barry notified the board that the US Patent and Trademark Office has issued the service mark registration for the NHB's logo and detailed what that means.

She spoke about the words "National Honey Board" with the attorneys along with the request to purchase our URL honey.com and we are working on trade marking it which is not traditionally done. Also, they are reviewing URL Logo Lock-up.

HONEY INDUSTRY SUMMIT

This is an event put on for honey assessment payers to learn about honey, how to communicate with consumers, trends, manufacturing, and honey industry issues.

The next one will be on Wednesday, October 16th and we encourage you to attend as it is beneficial to everyone in the industry from management to marketing.

She discussed some of the topics that will be presented at the summit.

Olsen asked if there has been any consideration to doing a honey summit at any of the industry association meetings. Barry agreed that would be something worth investigating. Joan Gunter agreed that this would be very helpful and well received. Denise Willi mentioned doing a program or break out session at Expo West.

Poulk noted that she would love to see something for the industry that they could take back to their business and people such as PowerPoints or videos.

Another great resource is our Industry Newsletter and we again encourage you to sign up and share this resource with others. It is also a great way to disseminate information you would like us to share.

FULFILLMENT MARKETING

We have added five kids Activity Tear Sheets pads to help teach kids about honey, bees and how import they are to the world.

MESSAGE PRIORTIES

The key marketing messages that we continue to focus on within all our programs are as follows:

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

AGENCY PARTNERSHIPS

Barry emphasized the importance of our agency partnerships and gave a quick review of what the focus is for each of them.

- Brand Management & Marketing Research/Sterling-Rice Group – Boulder, Colorado

- Consumer PR/Nutrition/Issues Management/Porter Novelli – Los Angeles, California
- Retail Promotions & Shopper Marketing/Fresh Smart Solutions – Chicago City, Minnesota
- Food & Beverage Manufacturers Marketing/Brightly Creative – St. Louis, Missouri
- Foodservice Marketing/Evans Hardy + Young – Santa Barbara, California

2018 AUDIT

The 2018 Audit analysis was presented by Alan Holmberg with Anderson & Whitney who is the new firm who will be performing our audits for the next 3 years for 2018 through 2020. Holmberg began by reviewing some of the highlights and discussing some of the financial numbers:

Ending December 31, 2018

- Managements responsibilities and the evaluation and testing of the responsibilities.
- In their opinion the financials do meet all requirements
- Modified accrual accounting system used by a lot of government entities
- Noted the all-time high assessments in 2017
- Assessment revenue review
- Budget numbers and how we are well within our budget
- Internal Control & Compliance
- Governing Letter and what it is and what it says (Under Collateralization increased to 3 million, which is sufficient)
- Approval requirements and processes
- Good cooperation from Staff with auditing

ACTION ITEM III TO ACCEPT THE 2018 AUDIT

Motion by Doug Hauke, seconded by John Olney and carried to approve the 2018 Audit

RESEARCH UPDATE

Pat Masker with SRG reviewed the Marketing Objectives and some of the Key Strategies. She then touched on the Retail Sales Data and the objective and methodology and timing of all that.

Changing Consumption Attitude Key Takeaways:

- Making headway with Natural Balancers our target market
- Top of Mind Awareness
- Topping & Spreads
- Breakfast & Beverage to be key occasions
- Softening with general population around attitudes, perceptions and intended usage of honey
- Negative perceptions of sugar may be creating a negative halo with honey and all sweeteners overall

NIELSEN REPORT

Masker went over the Nielsen report information and data. She pointed out that there is a volume decline with light volume users that represent 20% of the population. When they investigated why, it came down to price, carrier food consumption and eating less sugars.

Health and relevance and taste are key drivers to consumption increase.

Takeaway:

- Reinforce positive health benefits
- Drive awareness and relevance through the morning occasion
- Maintain focus on Natural balancers and keep pulse on declining users

Next Steps:

1. Research AA& U
2. Consumer Qualitative
3. Understanding Declining Household Penetration

Laura Morin with Sterling Rice Group went over B2B Research Learnings and New Product Innovation to drive large volumes of honey. She went over the Methodology and considerations through Innova Market Insights Food & Beverage Database. This indicates trends and innovative products. There is a slight decline in all foods of 2% but with honey there is an increase of 4% where new products introduced had honey as an ingredient. Sugar has ten times the share of honey. Therefore, indicating a huge opportunity for growth with honey.

Cereal and bakery remain the top categories for new honey introductions, followed up by spreads, beverages, alcoholic beverages, sweeteners

Foodservice learnings are very important for influencers and trends.

Honey is one of the top sauces/flavors on restaurant menus and has grown steadily over the last decade. Breakfast and beverage menu part are an important part of this growth.

IN-HOUSE MARKETING

Jessica Schindler presented about the In-House Marketing programs.

She pointed out that bringing them in-house is very cost effective. Some of these events were:

- Epcot International Flower & Garden Festival
- Austin Food & Wine Festival
- Natural Products Expo West
- Food & Nutrition Conference & Expo (FNCE)

Strategic Media Partnerships:

We align high with natural balancers and that ties in with our overall marketing strategies whilst strengthening our media partnerships. We continue to leverage advertising contact to establish strong connections to the editors for test kitchen opportunities.

Working with:

- Food Network Magazine
- Parents Magazine
- Every Day Magazine with Rachel Ray

Recipe Development & Photography continue to be a priority and supports all our marketing avenues.

COMMUNICATIONS PLATFORM

Jimmy Szczepanek with Porter Novelli, overviewed the communications platform.

The Creative Platform includes Hive to Table with a focus on breakfast. They are working with buzz builders to do this, mixologist, RD's, concept chefs and notable breakfast chefs. All of whom celebrate the versatility and usage of honey.

They are utilizing different platforms to assist the Buzz Builders with Test Kitchens, Food Truck Takeovers, The Daily Drizzle (media), National Honey Month promotions.

Reputation Management Strategy is an important goal for the NHB to grow and protect the reputation of honey and position of the NHB as the leading voice for the industry.

- Sustainability
- Policy
- Economic Impact
- Crisis/Issues Preparedness & Response

Economic Impact Analysis

The goal is to leverage the economic impact data and the environmental impact of the industry on the planet in a positive way.

SOCIAL MEDIA

Social Media over cap was presented by Jocelyn Martinez and focuses more internally but with a reflection and partnership with all of our programs.

Martinez covered the highlights for Q1. One of her focuses has been the Social Media Plan/Playbook and getting that approved with AMS to guide our social media messaging.

She also continually works on updating and maintaining the social media websites and creating tools to help media requests and submissions.

FOODSERVICE

Foodservice Marketing update from Andrea Schepke with Evans Hardy + Young provided us with a current state of honey in Foodservice. Studies shows that 59.4% of US restaurants now feature honey on the menu, which is a double digit increase since 2012. There is also an overall increase across all segments with menu and day parts in 2018. Schepke also reiterated the overall message on the increase in honey beverages and the increase of honey-inspired cocktails within the restaurant industry.

2019 program highlights for Foodservice are as follows:

- Biggby Coffee Honey LTO
- Specialty Coffee Expo
- NRA Show/IFEC Reception
- Menus of Change
- Chef Immersion Event

Also, some other ongoing core initiatives including IFEC, Trade Media, Hot From The Hive and Menuing & Marketing Collaboratives.

RETAIL PROGRAMS

Don Ladhoff with FreshSmart Solutions began by going over some of the programs he is working on and our partnerships with the following:

- Thomas English Muffins/Food Truck Tour
- Post Cereals
- Oroweat
- Celestial Seasonings

Shelf Performance Study

This began with our last board meeting questioning whether we could obtain a better spot on the shelves. And examine why honey category is performing better at one retailer versus the other. With the purpose to determine “Deserves More Space” and could be justified to take more space from jams and jellies.

Ladhoff reviewed his methodology to do this and the findings. It was a positive result that showed that there was a benefit to retailers to create more shelf space for honey and create more revenue. A honey assortment with greater differentiation appears to generate stronger sales growth.

INGREDIENT MARKETING

Keith Seiz with Brightly Creative briefly shared information about new items featuring honey. Focusing on core audiences the leading categories are as follows:

- Baking & Snack
- Packaged Cold Beverages
- Beer

- Distilled Spirits

The goal is to get new products on the market with staying power.

Overall Goals

- Increase honey usage
- Promote honey as a natural sweetener
- Educate audience about functional benefits of honey
- Inform manufacturers about importance of honey bees

Wants, Needs & Concerns

Cost is the biggest obstacle preventing beverage processors from using more honey, as profit margins are a concern. Calories are a close second. Industry is looking for the newest ingredients and honey has to continually raise awareness that it timeless. More than with any other food and beverage category there is apprehension about the integrity of honey.

In regards to beverages, beer and spirits we are seeing a need for more technical information, especially when it comes to filtering.

Then we battle perceptions from consumers that honey makes beer or spirits too sweet. Or the fact that there is no legal definition of "Honey Spirits".

5:58 Meeting was adjourned

FRIDAY, MAY 2ND, 2019

Meeting was called to order at 8:02

ISSUES MANAGEMENT UPDATE

Lombard started the meeting by touching base and giving an update on issues.

- Class Action Lawsuit
- FDA Guidance on New NFP (Nutrition Facts Panel)
- Foreign Agriculture Services (FAS) Reporting Inconsistencies
- Proposed legislation by Booker and Lee

- Education and Communication Opportunity
- Organic Exemptions
- Sustainability Initiative
- Cannabis Co called Honey

SUSTAINABILITY UPDATE

Reviewed by Laura Morin with Sterling Rice Group what the plan is for this by following these guidelines and continue to shed a positive light on all honey.

- Celebrating Beekeeping
- Unify the Industry
- Create Assurance
- Build Goodwill
- Enhance Value Perceptions
- Celebrate Beekeeping

NUTRITION RESEARCH

Barbara Lyle with Porter Novelli called in to update us on the Nutrition Research status. This whole program involves all the teams and strategizing together as a team. As we conduct this research, we continue to harvest information to be used for different purposes:

- Honey.com Update: Commitment to Nutrition Research
- NPD National Eating Trends & Disorders Findings
- Serving Size- Crème Global Analysis
- Nutrition Research Program (Antioxidants, Digestive Health, Diet Patterns, Stress/mood/cognition)

Dong asked if we could investigate how honey stands out in comparison to other sweeteners due to the trace minerals in honey. He also questioned whether the term should be changed from Hive to Table to Nectar to Table.

In order to list something on a label it has to meet a minimum content of 10%, which most likely we can't do. However, we could do some soft messaging speaking of the benefits of minerals.

ACTION ITEM IV TO ACCEPT BUDGET & PROCEDURE MANUAL

Motion by Doug Hauke, seconded by Patricia Sundberg to accept Budget and amended budget and changes to procedure manual and carried to approve

OFFICER NOMINATIONS

- Eric Wenger, Chairperson
- Michelle Poulk, Vice Chairperson
- Lisa Hansel, Secretary Treasurer

Review with the board of when the next 3 board members are.

PRODUCTION RESEARCH

Danielle Downey with Project *Apis m* (PAM) began by sharing with the board what Project *Apis m* is and what they do. She explained that their focus is in research, forage and resources and described what the four P's are and noted that these are the major health threats to honey bees:

- Parasites
- Pathogens
- Poor Nutrition (landscape)
- Pesticides

She is also provided the statistics on research projects that have been received/funded through our collaboration with PAM:

- 2017 19 proposals received and 8 funded
- 2018 22 proposals received and 5 funded
- 2019 21 proposals received and 9 funded

Total NHB funding of \$1,107,042 and 20 projects funded for \$820,261

Downey had previously asked the board that in an effort to aggregate resources, what is the expectation of what would be useful to the industry had received the following feedback:

- Research executive summary
- Research directory

- Honey bee health dashboard
- Ongoing and regular updates on our efforts
- Clearing house for research and scholarship opportunities
- Harmonized presence as a hub, with links to more information

ACTION ITEM V ADJOURNMENT

Motion by Doug Hauke, seconded by Andy Sargeantson to adjourn the meeting.

The meeting adjourned at 12:23

Andrea Brening/Transcriber

