

National Honey Board Meeting Minutes

PRESIDING: Eric Wenger, Chairperson

LOCATION: Denver, Colorado

DATE: October 17th-18th, 2019

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

National Honey Board Alternates Present: Joan Gunter, Missy Foott, Denise Willi,

National Honey Board Absent: Andrew Sargeantson

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

Others Present: Patricia Petrella (USDA/AMS), Katie Cook (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*), Shannon Bowden (Bee Maid), Maren Martin (Impex Group), Alex Blumenthal (Sioux Honey), Anthony Payne (Sioux Honey), Arlen Penner (Prairie Imports), Stacey Drab (Burleson Honey), Tony Landretti and Nancy Burnett from Rice's/Local Hive Honey

THURSDAY, OCTOBER 17TH, 2019

CALL TO ORDER

The Thursday session of the National Honey Board meeting was convened at 8:03 a.m. by Eric Wenger. Andrea Brening called roll.

SEATING OF ALTERNATES

Denise Willi was seated at the table in place of Andy Sargeantson in his absence.

ACTION ITEM I TO ACCEPT THE AGENDA

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

ACTION ITEM II TO ACCEPT THE CONSENT AGENDA

Motion by Denise Willi, seconded by Michelle Poulk and carried to approve the minutes.

NHB DIVERSITY POLICY

Patricia Petrella began by discussing the diversity policy and the importance of it in regards to selecting nominees. She read the USDA's diversity policy to the Board.

Code of Ethics: It was noted that there were a few people that still needed to sign.

Katie Cook was introduced as the Board's new USDA representative. This was her first meeting and she will plan to also attend the Spring 2020 meeting with Patty. After that she will be attending by herself. Katie gave a quick review of her experience and role in supporting the NHB at USDA.

FINANCIAL

Kelly Werning introduced herself and briefly touched on the Sept 2019 financials highlights. Net Liabilities and Assets to \$2,792,489. Total Revenue at \$5,316,951 with expenditures at \$4,530,711 and excess revenue at \$786,240. The NHB expects to come in with revenues right in line with where we budgeted, ending the year so far very strongly.

2020 BUDGET PROPOSAL

Werning projects around 1.6 million in the bank at the beginning of 2020. There was discussion about the forecasted budget and adjustments that may be done come the spring.

Hauke brought up whether there has been any movement on changing the assessment from 250,000 to 150,000 or something lower. If the groups decide to do that it would require an actual rule change through USDA.

Budget could be adjusted due to assessments and fulfillment changes. It leaves us with 8.5 million net revenue for 2020. Werning discussed the expenditures and what those all are which brings us to \$1,013,400 for Net Revenue and Carryover less expenses.

The legal reserve had been \$200,000 and the NHB has decided to release that amount, with a recommendation from our attorney and ongoing law suits filed by our previous landlord against the people he bought the building from due to faulty building. Hence diminishing our chance of legal issues.

COMPLIANCE

This is a requirement per AMS. During 2019, Werning and Missy Boone-Hall were able to conduct 11 compliance reviews, resulting in total assessments collected in the amount of \$6,000 with travel costs being at about \$10,000. It was discussed that the goal is to eventually do remote desk top audit reviews starting in about 2 years. Thus, limiting the need to do hands on audits and avoid travel costs.

John Olney posed the question on whether we can request information from people that are not currently paying assessments and Patricia Petrella confirmed that the NHB has subpoena power, if needed.

FDA LABELING UPDATE

Farm Bill created new label rules with an exception for single ingredient items. New versions of the labels were discussed. It was communicated that the footnote on the label is completely discretionary and not required. The NHB will be doing some market research to share with the USDA/FDA to show the confusion that the new label creates. The deadline now is July 2021 to change your labels. Maren Martin asked what more can the NHB do and Margaret Lombard said our hands are limited to doing more research. Industry groups can do more in the way of lobbying. There was discussion about the 34% DV included on the label.

BOARD MEETING FOLLOW UPS

At the Spring 2019 board meeting, there was discussion to redefine the definition for the position of First Handler to include people that are purchasing 250,000lbs to be either a

producer or importer. NHPDA & WSHPDA agree to change the definition. This would require a change to our background information form.

ACTION ITEM III

Motion by Doug Hauke, seconded by Lisa Hansel to redefine the definition for the First Handler position to include producer and or importer and carried to approve.

The process to make this change begins with a formal request to Patricia Petrella for rule making and change to form AD755.

HONEY.COM URL PURCHASE OFFER

The Join Honey company has continued to reach out to NHB staff and board members to buy our Honey.com URL.

Lombard discussed that she shared the letter and offer from this company in an email to the Board. The last offer was 2 million and they have now made a new offer. Board will discuss in closed session.

HONEY LABEL INSIGHTS STUDY

Questioning products that have honey on the label, but have not honey in their product.

Is this issue worth researching and looking into it further? The NHB is going to investigate this further in amongst other research projects. Is it a problem and do we need to act on it? Is there any enforcement for this if we did pursue it? Currently, there is no guidance against the naming of products.

Hauke asked why there is a discrepancy in honey census numbers and NHB import numbers. This is a customs issue in regards to honey that has been in hold and now released, throwing the numbers off. It is a question if it is actual honey or a number dump from 15- or 20-years past.

MARKETING PROGRAM OVERVIEW

Catherine Barry thanked the Board and guests for attending the Industry Summit the day prior and hopes that everyone found it to be very helpful and informative.

Barry reviewed the Honey Industry Summit and how they look to the industry to help direct them in what information they should be providing. The feedback provided in the post-summit survey is very helpful, so Barry encouraged them to please complete the survey when received.

This summit will continue on an annual basis and the next summit will take place before the 2020 fall board meeting.

INDUSTRY NEWSLETTER

The NHB disseminates a quarterly newsletter regarding important industry-related information, including issues, labels, FDA guidance, research, meetings etc. Barry suggested signing up and sharing with other members of their organization that might find the information helpful.

FULFILLMENT MARKETING

The NHB recommended changing the structure of the fulfillment program for 2020. Barry described what this program has encompassed up until this point and all the materials that have been available.

The current program has created some internal challenges within the shopping cart and the accounting system. Therefore, after reviewing other Boards offerings, the NHB is now suggesting that we provide all these materials for free. This will require reviewing what we offer and redesigning the materials to be more cost effective. The budget will remain about the same and there will be restrictions on quantities that can be obtained.

Eric Wenger asked if anyone was opposed to this and there were no disagreements.

NATURAL BALANCER

Barry gave an overview of the NHB's target audience, Natural Balancers. The target is made up of people who value knowing where their food comes from and who try to make informed decisions about food. They are busy working adults, they are creative cooks, and they make up about 16% of the US Adult population. All of the marketing programs are structure to target Natural Balancers in their communications.

MESSAGE PRIORITIES

In order to position honey as the preferred sweetener, the NHB marketing programs focus on four major communication pillars: Pure and Natural, Uniquely Flavorful, Versatile and Bee-friendly.

NHB AGENCY PARTNERS

Barry expressed appreciation for the NHB's partner agencies who are a huge part of the extended team helping to execute all of the programs.

Lisa Hansel asked if there has been any kind of shift with the Natural Balancers due to the different diets out there such as Paleo. Based on the eating habits and purchasing behaviors of the Natural Balancers, Barry shared that the various natural eating trends and patterns actually fit really well with our messaging to our target audience.

Denise Willi asked why our website doesn't have a honey pfund scale to provide technical information for people going to the website as the go-to source for honey questions. The honey reference guide was mentioned as an available technical resource download, but that it needed to be updated. Barry said she would also look into adding the Pfund graphic to the website.

RESEARCH & ATTITUDE AWARENESS & USAGE STUDY

Pat Masker with Sterling Rice Group discussed the results of research that shows a definite negative impact on honey due to the negative sugar sweetener trend and a decline on usage on all sweeteners. This is also impacting the Natural Balancer although they do appreciate the value of honey and are still consuming honey.

Consumers are turning to other alternative sweetener options like vanilla, cinnamon, etc. However, when there are positive discussions about sweeteners it is about honey.

Studies show that there will be more frequency of usage of honey, if it is top of mind and on the counter and not in the cupboard.

Natural Balancers are starting to be more sensitive to the price of honey, although they prefer it and will pay a little extra for products with honey and they tend to favor local honey.

Laura Morin presented that there is still a lot of love for honey despite the decline in usage and value perceptions. Morin discussed in depth what research shows with honey usage between heavy, medium and light users.

There is still a lot of passion for honey and we can continue to build on that by focusing on the following key attributes that were most appealing:

1. Health
2. Antioxidants
3. Nutrients
4. Minerals
5. Soothing
6. Reduces allergies
7. Cough Suppressant
8. Calming
9. Tasty
10. Natural
11. Good for beauty
12. Healing Powers
13. Moisturizing
14. Anti-inflammatory

The biggest room for improvement we have in regards to honey is “Good value.” Moving forward in order to overcome negative conception, we must differentiate honey from other sweeteners and demonstrate the tangible value of honey. We need to give them permission to eat honey by reminding them it is good for them and good for the planet.

MENU TRACKER REPORT

The NHB commissioned a study by Datassential to help determine the usage of honey in restaurants including the overall growth, what type of restaurants and where on the menu honey is being used. This helps the NHB determine where the areas of opportunity are and where to push honey usage.

The implications are to build off the momentum of honey as a trending item on menus.

Morin touched on the Key Performance Indicator Scorecard and she noted that all the marketing programs have hit their overall goals for 2019.

RETAIL MARKETING PROGRAMS

Don Ladhoff noted that the goal is to gain stronger retail support and drive sales and leverage partnerships. Once those have been established, then measure the impact of the program.

Ladhoff shared with the Board some of the partnerships and programs for 2019 and discussed the details and results. All of which help to drive usage and awareness. The retail programs and partnerships included a Thomas' English Muffins food truck tour, Celestial Seasonings joint coupon offer, News America Blades w/IRC's in stores for National Honey Month and Stop and Shop Friendsgiving Promotion, among others.

The Honey Shelf Assessment project confirmed that honey category is more profitable than the jams and jellies section, with stores making more profit per items and per linear foot. The shelf assessment was able to underscore the value of offering more honey choices and recommended this is something the honey category should strive to accomplish with their retailers. Ladhoff expressed that there was value in conducting additional retail shelf assessments in 2020. He solicited retail referrals from the board members and members of the industry.

In looking ahead to 2020, Ladhoff went over the goals to continue current programs and stay open to other opportunities.

INGREDIENT MARKETING UPDATE

Keith Seiz discussed how the ingredient marketing programs focus on increasing honey usage through three primary objectives: education, influence and competition.

The educational component of the program is accomplished through conducting honey summits to reach influential members of the industry in our key target segments including baking, brewing and spirits. The tactics used to influence our core markets consist of media relations coverage, direct outreach, National Honey Month partnerships, recipe book creation and monthly newsletters with product features. Then, creating competition drives innovation and product development.

Seiz mentioned that the program will be evolving next year in order to reinforce the "Why Honey" messaging since in past years we have done a great job of establishing "How to use honey".

FOODSERVICE MARKETING

Andrea Schepke noted that we are seeing continued momentum in honey's usage at foodservice with steady menuing growth. She attributed this growth to the programs focusing on keeping honey top of mind, relevant and "on trend" with our audience. Schepke also mentioned that they continue to look for opportunities to leverage existing relationships, while also expanding the NHB's sphere of influence.

Following the review of the programs strategy, Schepke detailed the Board's work to further honey innovation on menus, including attending key industry events like CIA Menus of Change Conference, as well as hosting a chef immersion summit for top F&B directors for national and regional chains at Culinary Vegetable Institute.

Strategies for the upcoming year for foodservice in 2020, include:

- Drive the plant-forward conversation and culinary innovation
- Tie back to bees and sustainability
- Keep honey top-of-mind among menu decision makers and influencers

John Olney asked what the percentage is of usage whether it is savory or sweet. Schepke answered that there is not as much focus on sweet, but noted that it is also about functionality.

SUSTAINABILITY UPDATE – CELEBRATING BEEKEEPING

Laura Morin began by talking about the opportunity to tell the positive story about honey and beekeeping. Embracing the love that people have for bees through the program Celebrating Beekeeping.

Program objectives:

1. Unify the Industry
2. Create Assurance
3. Build Goodwill
4. Enhance Value Perceptions
5. Celebrate Beekeeping

Morin then discussed the strategy and detailed the phased approach to the video series creation and timing. The first video focused on beekeepers making a positive impact in relation to sustainability, while the second video would focus on the beekeepers making

a positive impact on their communities. It was then recommended that the third video showcase the next generation of beekeepers, followed by a fourth video highlighting the similarities and craft of beekeeping and honey production around the world. The first video of the series was played for the Board. The video is receiving great reviews from the focus groups that have viewed it.

The question was asked how the video is going to be distributed. It will be on the website to share with the target audience and industry. A more detailed approach for further dissemination was underway.

PRODUCTION RESEARCH PROJECTS FUNDED AGGREGATE RESEARCH DATABASE

Danielle Downey talked to who Project Apis m (Pam) and where they get their funding beyond the National Honey Board. In addition, she reviewed the things that are known to impact the health of honey bees – Parasites, Pathogens, Poor Nutrition and Pesticides.

Downey went over the diverse research projects that are funded by PAm and their partners, in addition to the research the NHB is funding. The RFP process for the NHB production research funding was reviewed, detailing the last three year's responses and funded proposals.

2017 19 Proposals received, 8 funded (290,619)
2018 22 Proposals received, 5 funded (\$231,724)
2019 21 Proposals received, 9 funded (\$297,917)

The NHB funded a total of \$1,107,042 with a total of 20 projects funded in the amount of \$820,261, and uncommitted amount of \$180,582.

Joan Gunter asked if PAm can apply for grants. Downey said yes but they are usually from government. They are limited to how many they can apply for, because there are only two of them to do it and it can be very time consuming.

One research project that they are really excited about is about Amitraz which is currently used to control Varroa. This is a good example of coordinating and combining forces. Downey then proceeded to share details about the other research projects that are currently ongoing.

Downey then discussed the progress made on the aggregate resource to provide a repository for all honey bee industry supported research groups. The name of this resource and website is Bee Health Collective. She did a brief review of what the website might look and feel like once it is completed.

Joan Gunter asked what the timeline is for releasing this website and Downey replied that they are hoping for January 2020. Margaret Lombard noted that there will be a task force that reviews it before it goes live. This project does not come from research funds, but other funds from the NHB.

Doug Hauke inquired if this might be noted in scientific journals/PR newswire etc. so that people can be aware of this resource.

ACTION ITEM IV

Motion by Doug Hauke, seconded by Blake Shook to adjourn at 4:07pm

FRIDAY, OCTOBER 18TH, 2019

Meeting was called to order at 8:30am.

ACTION ITEM V

Motion by Eric Wenger, seconded by Patricia Sundberg to decline offer to joinhoney.com with reasons being resubmitted with a letter from legal counsel.

CONSUMER PUBLIC RELATIONS

Jimmy Szczepanek with Porter Novelli gave an overview of the communications platform that is the basis for the development of the Consumer PR program. Objectives for the program, include:

- Inspire Natural Balancers to us honey more often, in creative uses, with a priority on breakfast
- Position the NHB as the leading voice for the industry, and grow and protect the reputation of honey
- Communicate nutrition benefits of honey as supported by research

Hailey Thompson with Porter Novelli detailed the creative platform, Hive to Table, which focused on inspiring more frequent honey usage with Breakfast All Day. Thompson then talked about the details of the Buzz Builders which integrates key influencers as spokespeople, as well as the Daily Drizzle which creates a steady stream of traditional and social media buzz.

Szczepanek touched on the 2018 goal of 330 million impressions versus actual impressions of 508 million. In 2019, the goal was 603 which has already been achieved at 609 million as of end of September.

Key learnings for the program included making sure to partner with authentic, reliable spokespeople, in addition to building on the success of pitching honey varietals and a focus on single ingredients.

Poulk asked if we pay a lot for our influencers. Szczepanek stated that we are very selective with which influencers we work with and people that have a true passion for honey. We work with micro influencers which does not cost us a lot, but has a huge impact.

IN HOUSE MARKETING PROGRAM OVERVIEW

Jessica Schindler talked about the benefits gained by keeping some marketing programs in-house versus utilizing our agency partners. To do this, the NHB looks at several factors such as turnkey implementation, skillset of staff, time, travel commitments and cost benefit.

Schindler then did a quick review of the events that were managed in-house:

1. Epcot International Flower & Garden Festival: “Honey Bee-stro” was selected the guests’ 2nd favorite out of 17 unique marketplaces. Focused on pollination versus last year it was honey varietals.
2. Austin Food & Wine Festival: Key market for Natural Balancers and allowed the NHB to reinforce simple honey breakfast ideas and breakfast all day concept.
3. Music City Food & Wine Festival: Opportunity to highlight honey usage at breakfast with exhibiting at Gospel Brunch. While there was decent exposure, the NHB will probably not participate in the event again.
4. Food Nutrition Conference Expo: Debuted new materials supporting results of Nutrition Research Program. Participated in Nutrition Pursuit Game Question to drive traffic to booth. Partner with Project Apis M. to promote bee health research donation with the donation for the Queen Bee tote bag.
5. Strategic Media Partnership: Aligning with media partnerships that index high with Natural Balancers (Food Network, Rachel Ray, Parents Magazine). Invested in digital components involving Facebook, Instagram and Pinterest.
6. Recipe Development & Photography: Prioritized honey beauty photos featuring unique vessels, varietals and action shots when possible.

Schindler wrapped up by sharing the strategic shift of evaluating future program activities to make sure they are focusing on why to use more honey versus how to use more honey.

SOCIAL MEDIA

Jocelyn Martinez shared the reach and influence of the NHB's social media platforms, touching on the fact the Facebook is still our top performing platform and is the number one driver of traffic to our website. The top performing themes were reviewed that included: honey bee-related content, holiday/seasonal recipes and daily/trending hashtags.

After reviewing the top performing content, the National Honey Month giveaway series was discussed. Martinez described how the initiative was developed to generate excitement around National Honey Month, by highlighting a different NHB partnership/program including our bakery partnerships, retail partnership, foodservice chef partnership and brewer collaborations.

Lisa Hansel asked about the difference between an Engagement, people interacting with your post, versus an impression, which is just how many times it was viewed.

Martinez then provided an overview about our new IGTV program and how it is going.

Key Learnings:

1. It's helpful to promote across with other NHB owned social media channels
2. Average percentage is relatively low, so they are reviewing that and how they structuring the videos. Videos run 4 – 7 minutes and we are testing what works best for timing.

Looking ahead at 2020, Martinez will continue to utilize trending topics, popular hostages and seasonal/holiday promotions

Hansel asked about all the new apps that are constantly coming out how do we choose which ones we interact with and what the thought is on creating a National Honey Board app. Jocelyn stated the NHB is exploring some of these other social platforms and apps and evaluating them in conjunction with our agency partners expertise. The NHB has secured our name with lots of different platforms even if we aren't using it right now. The NHB guided by our audience and are always reviewing and exploring opportunities.

Jessica Schindler noted that creating an NHB app would be a huge time-consuming project. As technology evolves, we will continue to review these including Podcasts. Which again is a large undertaking and requires a 3rd party to promote it. As we look forward to “Why Honey” has us looking again if platforms like these are good fits for us.

2020 budget proposal approval Kelly Werning pointed out there are always edits come Spring.

John Olney asked how the NHB manages programing with funds fluctuating and trending down. Catherine Barry is constantly working with Kelly Werning to keep an eye on the budget and adjust marketing promotions, as needed.

ACTION ITEM VI

Motion by Lisa Hansel, seconded by Patricia Sundberg to approve the budget and carried to approve.

ACTION ITEM VII

Motion by Doug Hauke, seconded by Eric Wenger to adjourn the meeting.

The meeting adjourned at 10:15am.

Andrea Brening/Transcriber