

# INTERNATIONAL BOTTLED WATER ASSOCIATION BOARD OF DIRECTORS MEETING

Thursday, June 8, 2017  
8:00 a.m. – 10:00 a.m.

## MINUTES

### Call to Order

The meeting was called to order by IBWA Chairwoman Shayron Barnes-Selby, DS Services of America, Inc., who announced the presence of a quorum.

Those present were:

#### Officers

- Shayron Barnes-Selby, Chairwoman, DS Services of America, Inc.
- Brian Grant, Treasurer, Pure Flo Water Company

#### Directors

- Philippe Caradec, Danone Waters of America
- Andrew Eaton, Eurofins Eaton Analytical
- Brian Hess, Niagara Bottling
- Doug Hidding, Blackhawk Molding
- Scott Hoover, Roaring Spring Bottling
- Dan Kelly, Polymer Solutions International
- Greg Nemec, Premium Waters
- Bryan Shinn, WG America Company
- Robert Smith, Grand Springs Distribution
- Louis F. Vittorio, EarthRes Group, Inc.
- Lynn Wachtmann, Maumee Valley Bottlers

#### IBWA Staff/Counsel

- Joe Doss, IBWA President and CEO
- Joseph Levitt, Hogan Lovells

## Approval of the Minutes

Chairwoman Barnes-Selby requested a motion to dispense with the reading and receive approval of the minutes from February 9, 2017. **It was MOVED and SECONDED, and the MOTION CARRIED.**

## Treasurer's Report

IBWA Treasurer Brian Grant (Pure Flo Water Company) presented the Treasurer's report to the Board for its consideration.

The April 2017 financial statement prepared by IBWA's accountant indicates that overall revenues are coming in as expected. The annual revenue budget is \$4,292,000, and five months into our fiscal year, we have received \$3,089,000.

The largest single source of revenue for IBWA is membership dues. As of April 30, the amount of dues paid is \$2,743,000; the annual dues revenue budget is \$3,653,000. Invoices for second-half dues payments have been sent to members, and those small companies that are paying in three installments will make their third payments in August. Phone calls, e-mails, and other personal contacts are still being made to encourage several non-renewing companies to reconsider their decisions.

At this time, we expect that dues revenue will come in slightly ahead of budget by the end of the fiscal year.

Total expenses to date are \$1,565,000, and the budgeted expense amount for this fiscal year is \$4,292,000. At this time, we expect that expenses for the year will come in as budgeted.

As of April 30, the IBWA reserve fund balance was approximately \$2,586,000. However, in May, we returned \$250,000 that we borrowed from the reserve fund account earlier in this fiscal year to help meet our cash-flow needs until the 2017 dues revenue was received. So, the reserve fund balance is now approximately \$2,678,000, which is right on budget.

As of April 30, our year-to-date reserve fund dividend income is \$47,523 and the year-to-date unrealized gains are \$117,557, for a net increase in value of \$165,000.

Because of the continued volatile economic conditions and the impact they can have on the IBWA reserve fund, the Executive Committee continues to follow the market situation very closely so that we can take any necessary actions in a timely fashion.

In addition, an Executive Committee Working Group has been reviewing proposals from companies that are interested in managing the IBWA reserve fund account. IBWA Chairwoman Shayron Barnes-Selby updated the Board on that matter when she gave the Executive Committee report.

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The Board of Directors heard and accepted the Treasurer's report.

## **Committee Reports**

### **Executive Committee**

Chairwoman Barnes-Selby reported that the IBWA Executive Committee met on Tuesday, June 6, 2017, to review the many issues being considered by the various IBWA Committees. The Executive Committee is very impressed with the breadth and scope of IBWA's work and looked forward to hearing more about these important issues when the various committees presented their reports. During the Executive Committee meeting, the following matters were considered:

#### Bisphenol-A

The Executive Committee discussed the BPA issue and was aware that several IBWA committees also considered this matter during the week. This continues to be a very important issue for all IBWA members – small, medium and large. The Executive Committee believes that IBWA should continue to defend the safety of BPA and continue to proactively provide the facts to the media, government officials, and consumers.

#### IBWA's Reserve Fund

As mentioned in the Treasurer's report, the Executive Committee has been reviewing proposals from companies that are interested in managing the IBWA reserve fund. The firm that currently manages the IBWA reserve fund (Aspiriant) has been doing a pretty good job, but we are a small account for them and their minimum fees are higher than other firms charge. After reviewing proposals from two firms and conducting telephone interviews with their representatives, the Executive Committee recommended that IBWA select Kings Point Capital Management to manage our reserve fund. They have a good understanding of the current market and what the future may hold (without making any guarantees). They also offer very personalized service and don't use "off-the-shelf" investment products. Instead, they purchase individual bonds and equities and don't rely on mutual funds. Kings Point's "all-in" fee is 0.75% of assets, and there are no other hidden charges or fees. Currently, the total fee we pay at Aspiriant is approximately 1.36% annually. That consists of an advisory fee of 0.85% and fund expenses of about 0.51%.

As a copy of the Kings Point proposal was emailed to Board members on June 7, 2017, Chairwoman Barnes-Selby mentioned that she knew most would not have had a chance to review it thoroughly. Chairwoman Barnes-Selby asked if anyone had any questions or comments about the Executive Committee recommendation? Jack West (Puro Filter Company) said Warren Buffett often recommends for small funds a no loaded index fund at a lower cost.

The Board members were asked if they were comfortable voting on the Executive Committee's recommendation today, or if they would like to have additional time to review the Kings Point proposal before making a final decision. Greg Nemecek (Premium Waters) said that given Jack

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West's comment, he agreed with the need for a change but thought it might not be the one recommended given this additional information. But the Executive Committee should go ahead and proceed with a positive change once they have a chance to consider what Jack said. Bob Hidell (Hidell International) said given the way we use the fund, we need flexibility (to draw money out when we need it). If we had \$200 million, we would be a player in Aspiriant, but we have \$2.7 million on a lucky day. Bonds are popular because they offer a semi-guaranteed return on your investment, but you need to stay in for the long term. We need flexibility to access our money. Also, inflation could occur in the future and bonds could be risky. Brian Grant said he was more comfortable with equities than bonds. He also noted he liked Jack's comment but thought it may be a littler harder to manage, as you can't get cash out when you want. His feeling was that \$2.7 million isn't very much money, and 10 years from now it could be almost nothing, so if we're not growing, we're dying. Brian understood that we need to be conservative with this money, but he believed bonds are as risky as equities, noting it's not a popular opinion.

### Plant Siting and Permitting

The Executive Committee continued its discussion about the efforts by anti-bottled water groups to prevent bottled water companies from opening new plants or renewing their existing permits. It was noted that the Executive Committee heard a report about the first meeting of the Plant Siting and Permitting Working Group, which took place via conference call on June 1, 2017. The consensus of Working Group is that IBWA should continue to support our members on this issue whenever needed. In particular, IBWA should continue to prepare advocacy materials that our members can use to combat these local efforts; continue to respond to any anti-bottled water industry media stories; continue our aggressive social media efforts; and reach out to respected third-party organizations to seek their support. The Working Group also thinks that IBWA should continue to work with the state and regional bottled water associations on this issue.

Some of these efforts will likely involve increased costs, and IBWA has a very small budget. As a result, we will need to review any additional funding requests on a case-by-case basis. The Working Group will schedule another meeting in the near future. It was announced that if members would like to serve on the Working Group, they should please let IBWA know. The Board was invited to present any thoughts or questions they had on this subject.

The Board of Directors heard and accepted the Executive Committee's report.

### **Nominating Committee**

Nominating Committee member Bryan Shinn (WG America Company) presented on behalf of Committee Chair Joe Bell a report that recommended that the following four IBWA Board members whose terms will expire in November 2017 be re-nominated for a three-year term that will end in November 2020:

- Joe Bell (Aqua Filter Fresh)
- Brian Grant (Pure Flo Water Company)

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- Greg Nemec (Premium Waters)
- Lou Vittorio (EarthRes Group)

The Nominating Committee noted that the IBWA Bylaws were amended in 2016 to increase the number of supplier Board seats from 4 to 6. As a result, the Nominating Committee recommends that the following two IBWA supplier members be nominated for a three-year term that will end in November 2020:

- Kari Mondt (Allied Purchasing)
- Dennis Rivard (Crystal Mountain Products)

The Nominating Committee recommended the following 2017 – 2018 slate of officers:

- Lynn Wachtmann (Maumee Valley Bottlers) – Chairman
- Brian Grant – Vice Chairman
- Brian Hess (Niagara Bottling) – Treasurer
- Shayron Barnes-Selby (DS Services) – Immediate Past Chairwoman

The slate of officers and directors was approved by the Board and will be submitted to a vote by the membership at the IBWA Annual Business Meeting on November 8, 2017.

The Board of Directors voted unanimously to approve Nominating Committee's recommendations.

### **Technical Committee**

The Technical Committee report was presented by Committee Co-Chair Kevin Matthews (Nestlé Waters North America). A copy of the minutes of the Technical Committee meeting held on Tuesday, June 6, 2017, is available upon request. Joe Levitt (Hogan Lovells) told the Board that FSMA inspections have started and the FDA was being reasonable. But members should note that even though they are familiar with the protocols, they should make sure that they use the FSMA jargon in labeling and describing what they do.

The Board of Directors heard and accepted the Technical Committee report.

### **Government Relations Committee**

The Government Relations Committee report was presented by Committee Co-Chair Lynn Wachtmann (Maumee Valley Bottlers). A copy of the minutes of the Government Relations Committee meeting held on Wednesday, June 7, 2017, is available upon request. Bryan Shinn told the Board that during a Hill visit the day before, one congressional staffer seemed very knowledgeable about lead in drinking water in inner cities, specifically DC, and he was glad this is an issue that we are on the forefront of and we need to stay on because drinking water is such a

hot topic and will continue to be. Joe Levitt made a comment relating to the “healthy” labeling issue, saying he felt that the time is ripe for the FDA to allow us to put “healthy” on bottled water. And Philippe Caradec (Danone Waters of America) said of the college bans issue that he has a contact at UCLA, and she is very conferenced about the proposed ban at UCSD and agreed that there would be unintended consequences of banning bottled water. She also said they were increasing water filling stations at this time, but not banning bottled water. In fact, she noted they are increasing the amount of water they sell in vending machines. Thus, Philippe remarked that the message we are promoting, that we support drinking water in all its formats, is resonating with people who are at the highest level in public health. Lynn Wachtmann said there is a huge awareness that bottled water is necessary, so continuing our social media and all other activities to promote healthy hydration is effective. He suggested that we need to keep it up. Joe Doss said in relation to using the term “healthy” on product labeling, he wanted to point out that only those companies who signed on to the letter could use the abbreviated nutritional facts panel if you are using zero calorie declaration. If you want, you can submit your own letter, and IBWA can supply you with a template for that letter. Jack West asked the Board to acknowledge in the minutes that Tom Condon is the leader of the Lead Task Force, not Jack West.

The Board of Directors heard and accepted the Government Relations Committee report.

### **Communications Committee**

The Communications Committee report was presented by Committee Co-Chair Julia Buchanan (Niagara Bottling). A copy of the minutes of the Communications Committee meeting held on Tuesday, June 6, 2017, is available upon request. Jack West said he was carried away when he asked for concurrence when he told the two lady chairpersons that he thought they should grow balls. He mentioned he had since been told that he owed them and the group an apology.

The Board of Directors heard and accepted the Communications Committee report.

### **Environmental Sustainability Committee**

The Environmental Sustainability Committee report was presented by Committee Co-Chair Jeff Davis (Blackhawk Molding Co.). A copy of the minutes of the Environmental Sustainability Committee meeting held on Tuesday, June 6, 2017, is available upon request.

The Board of Directors heard and accepted the Environmental Sustainability Committee report.

### **Supplier and Convention Committee**

The Supplier and Convention Committee report was presented by Committee Co-Chair Dan Kelly (Polymer Solutions). A copy of the minutes of the Supplier and Convention Committee meeting held on Tuesday, June 6, 2017, is available upon request.

The Board of Directors heard and accepted the Supplier and Convention Committee report.

### **Education Committee**

The Education Committee report was presented by Glen Davis (Absopure Water Co., Inc.). A copy of the minutes of the Education Committee meeting held on Monday, June 5, 2017, is available upon request.

The Board of Directors heard and accepted the Education Committee report.

### **Membership Committee**

The Membership Committee Report was presented by Co-Chair Marge Eggie (Polymer Solutions International, Inc.). A copy of the minutes of the Membership Committee meeting held on Tuesday, June 6, 2017, is available upon request.

The Board of Directors heard and accepted the Membership Committee report.

### **State/Regional Associations Committee**

The State/Regional Associations Committee Report was presented by Co-Chair Robert Smith (Grand Springs Distribution). A copy of the minutes of the State/Regional Associations Committee meeting held on Monday, June 5, 2017, is available upon request.

The Board of Directors heard and accepted the State/Regional Associations Committee report.

### **Drinking Water Research Foundation**

The Drinking Water Research Foundation (DWRF) report was presented by DWRF Chair Jack West (Puro Filter Company). A copy of the minutes of the DWRF Board of Trustees meeting held on Tuesday, June 6, 2017, is available upon request. Bob Hidell added that Bob Scheuplein would be returning to the DWRF Board.

The Board of Directors heard and accepted the DWRF report.

### **International Council of Bottled Water Associations Report**

The International Council of Bottled Water Associations (ICBWA) Report was presented by Jack West (Puro Filter Company).

The Board of Directors heard and accepted the ICBWA report.

### **Old Business**

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No old business was brought before the Board of Directors for its consideration.

**New Business**

No new business was brought before the Board of Directors for its consideration.

**Adjournment**

There being no further business to come before the Board of Directors, Chairwoman Barnes-Selby requested a motion to adjourn the meeting. **It was MOVED and SECONDED, and the MOTION CARRIED.**