

INTERNATIONAL BOTTLED WATER ASSOCIATION BOARD OF DIRECTORS TELECONFERENCE MEETING

Thursday, February 8, 2018
2:15 p.m. – 3:45 a.m.

MINUTES

Call to Order

- The meeting was called to order by IBWA Chairman, Lynn Wachtmann, Chairman, Maumee Valley Bottlers, who announced the presence of a quorum.

Those present were:

Officers

- Brian Grant, Vice-Chairman, Pure Flo Water Company, Inc.
- Brian Hess, Treasurer, Niagara Bottling, LLC

Directors

- Shayron Barnes-Selby, Immediate Past Chairwoman, DS Services of America, Inc.
- Joe Bell, Aqua Filter Fresh, Inc.
- Philippe Caradec, Danone Waters of America
- Tara Carraro, Nestlé Waters North America, Inc.
- Andrew Eaton, Eurofins Eaton Analytical, Inc.
- Doug Hidding, Blackhawk Molding Co., Inc.
- Scott Hoover, Roaring Springs Bottling
- Kari Mondt, Allied Purchasing Company
- Greg Nemec, Premium Waters, Inc.
- Bryan Shinn, WG America Company
- Robert Smith, Grand Springs Distribution
- Louis Vittorio, EarthRes Group, Inc.
- Bill Young, Absopure Water Company, Inc.

IBWA Staff/Counsel

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

Approval of the Minutes

Chairman Wachtmann requested a motion to dispense with the reading and receive approval of the minutes from November 9, 2017. **It was MOVED and SECONDED, and the MOTION CARRIED.**

Treasurer's Report

IBWA Treasurer Brian Hess (Niagara Bottling, LLC) presented the Treasurer's report to the Board for its consideration.

Based on a preliminary auditor's report of IBWA's financial statements for the fiscal year ending November 30, 2017, revenue exceeded the amount budgeted for 2017. The total operating revenue in 2017 was \$4,707,056, and expenses were \$4,244,630. Therefore, revenue exceeded expenses by \$462,426.

The primary reasons for the surplus revenue are:

- conservative dues revenue budgeting;
- getting 25 new members;
- cost-cutting whenever possible, and
- increased US bottled water sales (since IBWA dues are based on company sales).

IBWA had realized investment gains of \$185,115 for fiscal year 2017 and had an unrealized gain on investments of \$6,670. The total amount of investment gain was \$191,785. IBWA's net change in total assets in 2017 was \$654,211.

The largest single source of revenue for IBWA continues to be membership dues, which came in over budget by \$383,477 in 2017.

As of December 31, 2017, IBWA's Reserve Fund had a balance of \$2,891,751, and the portfolio has a current yield of 4.41 percent.

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.

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

Committee Reports

Executive Committee

Chairman Wachtmann reported that the IBWA Executive Committee met on Wednesday, February 7, 2018, 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.

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. This is a very important issue that will impact the future of the bottled water industry. As a result, we need IBWA to continue its efforts to support our members. We look forward to hearing from the various IBWA committees about the actions we are taking and materials we are preparing to push back against these bottled water critics.

Imposing Duties and Tariffs on PET Resin Imports

The Executive Committee heard an update on IBWA's opposition to efforts by the US International Trade Commission and US Department of Commerce to impose duties/tariffs on PET resin imported into the United States from five foreign countries (Brazil, Indonesia, Korea, Pakistan, and Taiwan). Imposition of these duties could make it more expensive for bottled water companies to purchase PET resin in the United States. This will be an uphill battle since the Trump administration tends to support American businesses and discourages purchases of goods and materials from foreign countries. An example of this is President Trump's recent action to impose tariffs on foreign washing machines and solar panels. In taking this action, the president bypassed the usual process of having the US International Trade Commission and US Department of Commerce make those decisions.

IBWA Strategic Plan

The Executive Committee received an update on the effort to review and revise the IBWA Strategic Plan. We do this every three years. The purpose of this effort is to assess the current situation facing both the bottled water industry and the association, identify what our mission should be for the next three years and beyond, define our goals and objectives, and determine the best strategies and actions to help us achieve our goals. All Board members, Executive Committee

members, and committee co-chairs were asked to serve on the Strategic Planning Committee. We are making sure that we have a good mix of small, medium, and large companies involved in this effort. All IBWA committees were asked for their input on this matter during their conference call meetings this week. We are going to be scheduling a Strategic Planning Committee conference call soon to begin our discussions, and we are also trying, with some difficulty, to schedule a day and a half in-person meeting. Members will be kept apprised of our efforts.

2018 IBWA Annual Business Plan and Key Performance Indicators (KPIs)

The Executive Committee reviewed the draft 2018 IBWA Annual Business Plan and Key Performance Indicators (KPIs). A copy of this document was sent to the Board last week. The draft Business Plan was prepared with input from the IBWA committee co-chairs and IBWA staff. The Executive Committee thinks that the overall document is very good and covers the many important issues facing IBWA and the bottled water industry. However, we think that staff and the committees should review the current draft to make sure that the KPIs are more outcome focused rather than process focused. In particular, we should, whenever possible, establish benchmark levels for our key efforts and then set new goals and determine how we can improve those benchmark levels.

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

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 Wednesday, February 7, 2018, is available upon request.

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

Government Relations Committee and Political Action Committee Board

The Government Relations Committee report was presented by Government Relations Co-Chairs Derieth Sutton (Niagara Bottling, LLC) and Viola Johnson Jacobs (DS Services of America, Inc.). A copy of the minutes of the Government Relations Committee meeting held on Wednesday, February 7, 2018, is available upon request.

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

Environmental Sustainability Committee

The Environmental Sustainability Committee report was presented by Committee Co-Chairs Jeff Davis (Blackhawk Molding Co.) and Leslie Alstad (Pure Flo Water Company). A copy of the minutes of the Environmental Sustainability Committee meeting held on Tuesday, February 6, 2018, is available upon request.

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

Education Committee

The Education Committee report was presented by Committee Co-Chair Glen Davis (Absopure Water Company). A copy of the minutes of the Education Committee meeting held on Wednesday, February 7, 2018, 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, February 6, 2018, is available upon request.

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

Supplier and Convention Committee

The Supplier and Convention Committee report was presented by Committee Co-Chair Brian Grant (Pure Flo Water Company). A copy of the minutes of the Supplier and Convention Committee meeting held on Monday, February 6, 2018, is available upon request.

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

State and Regional Associations Committee

The State and Regional Associations Committee Report was presented by Joe Cimino (Choice H2O). A copy of the minutes of the State and Regional Associations Committee meeting held on Monday, February 6, 2018, is available upon request.

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

Communications Committee

The Communications Committee report was presented by Committee Co-Chairs Julia Buchanan (Niagara Bottling, LLC) and Audrey Krupiak (WG America Company). A copy of the minutes of the Communications Committee meeting held on Thursday, February 8, 2018, is available upon request.

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The Board of Directors heard and accepted the Communications 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 Thursday, February 8, 2018, is available upon request. Joe Levitt (Hogan Lovells) commented that the Center for Science in the Public Interest (CSPI) rarely supports anything that the food industry wants, so the fact that CSPI is part of the calling for bottled water to be labeled healthy will have a big impact with the FDA. And currently there are prominent groups for and none opposed to this request.

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

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

New Business

None.

Adjournment

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