



IBA 45th Annual Convention – Washington, DC – June 18-19, 2019

Meeting Report

The Independent Bakers Association held its 45th Annual Convention at the Capitol Hill Club in Washington, DC on Tuesday and Wednesday, June 18-19, 2019. Seeing a quorum of voting Board members present, **IBA Chair Connie Vaughan** of McKee Foods called the meeting to order at 12:00 pm on Tuesday.

The convention program started with lunch and a presentation on trade relations by **James Lucier of Capital Alpha Partners**. James explained that the legislative window for Congress to ratify the USMCA was rapidly closing. He suspects that if there is not a vote before the August recess, the trade agreement is very unlikely to be ratified before the 2020 elections. James also gave an overview of ongoing trade negotiations with China, saying their trajectory appears similar to previous trade talks between other Asian nations and western countries.

Kyle Sieren of Ardent Mills gave members an outlook on the wheat market in the U.S. and beyond. In 2019, wheat quality remains low for American producers. Wheat acreage will be affected by the tariffs China placed on soybeans, as well as the shortage of corn acreage planted so far this spring.

The group then hosted Andy Banducci, Labor Policy Director for the Senate Health, Education, Labor & Pensions Committee Chairman Lamar Alexander (R-TN). Andy gave an update on the Senate's work toward a comprehensive legislative solution to the dozens of failing multiemployer pension plans affecting the baking industry and others. Though the House Education and Labor committee passed a partisan "bailout" bill earlier in the week, the Senate HELP Committee and Finance Committee would not take up that legislation because it doesn't provide any long term solution to keep MEPPs and their insurance agency, the Pension Benefits Guaranty Corporation, from ending up in a similar situation in the future. Andy heard from IBA members about Hostess's bankruptcy, which triggered increased pension liability for other bakeries funding the same plans.

A panel of industry experts joined attendees for a food safety discussion, highlighting the use of blockchain as a tool for foodborne illness outbreak response and traceability. Panelists included **Jim McCarthy, President of the North American Millers Association**; **Dr. Steve Ostroff, former Deputy Commissioner for Food and Veterinary Medicine at the U.S. Food & Drug Administration**; and **Dr. Ayman Omar, Co-Director of the "Blockchain Hub" at American University's Kogod School of Business**. Mr. McCarthy highlighted how NAMA has worked with FDA and its member-companies to address the pathogen outbreaks in wheat flour in recent months. Dr. Ostroff noted that recent advances in diagnostic testing have led to an uptick in reports of outbreaks, however, illnesses linked to baked goods continue to trend downward despite more advanced testing methods. Dr.

Omar explained how blockchain technology brings trust, accountability and instant traceability to supply-chain participants, but it does come with financial and HR investment. Panelists concluded that industry, academia, technologists and government agencies should continue to work together on food safety issues.

IBA members then heard a policy update from industry partner **Kevin Kuhlman of the National Federation of Independent Business**. Kevin highlighted NFIB's advocacy on Capitol Hill and legal engagement on a series of federal cases. The group discussed instances where NFIB and IBA align on policy initiatives, including tax reform, healthcare costs and building a capable workforce.

The group adjourned to a pregame cocktail hour at Mission Navy Yard, directly across from Nats Park. **Local comedian Robert Mac** performed a bit for the group. Robert drew big laughs as he described his version of what the Maryland flag should really look like: one large pothole; and when he convinced everyone that the "gluten-free" craze has been one big hoax propagated by the Chinese—the world's largest rice producer. Convention attendees had a great extended time at Mission as the Nationals vs. Phillies game was delayed, then canceled, due to rain.

On Wednesday, attendees gathered for breakfast and a chat with freshman **Congressman Ben Cline (R-VA)**, who talked frankly about how politics have overwhelmed policy, stifling most activity in Congress. He mentioned that if House Speaker Nancy Pelosi were to bring the USMCA to a vote, it would pass, but she better do that soon. After breakfast, family members were invited to spend the day at the Newseum and have lunch at Washington's famed Capital Grille.

IBA then hosted **Kenneth Payne of the U.S. Department of Agriculture's Ag Marketing Service** for an in-depth discussion about federal checkoff programs for commodities. AMS received a "request for an order" from the Grain Foods Foundation to help launch a checkoff for wheat foods. Kenneth gave an overview of the mechanics of generic checkoff programs, including the initial delayed or published referendum, assessment amounts for covered millers and bakers, appointment of Board members, authority of the Board and AMS to enforce compliance, and periodic referendums after the program is implemented. Attendees had several questions about the content of the GFF request, and Kenneth agreed that AMS also had "a thousand questions." The agency plans to seek further clarification from GFF before it publishes a proposed order in the Federal Register and invites public comment on the proposal.

Attendees then heard from **Phil Pettine of Kwik Lok** for an Allied Spotlight presentation. Phil introduced the group to the new leadership at Kwik Lok—a third generation family business. Phil mentioned he was excited about the new generation's revitalization of the company and its new commitment to sustainability. He passed around examples of the new product Eco-Lok, which performs just as well as existing products but is made with up to 20% less fossil fuel-based resin.

After the Allied Spotlight, IBA Chair Connie Vaughan called the Executive Committee/Association Business session to order. Present were Connie, IBA Vice Chair Dan Mulloy, IBA Secretary Bohn Popp and IBA Immediate Past Chair Scott Barth. Bohn read the minutes from IBA's Spring Meeting, which were approved by the Executive Team. The team then considered the slate of new officers and Board members for the 2019-21 term. The full slate

of officers and Board were approved. Chris Mulloy will be IBA's new Secretary and Ron Tremayne will be the Treasurer. Existing officers will advance one spot up the ranks, with Dan Mulloy stepping up to Chairman of IBA. The group was reminded of IBA's special assessment invoice to fund an outside consultant for the Dietary Guidelines process, which was approved by the Board in April. The invoices of \$100.00 will be mailed to all members July 1, 2019. The Executive Team also voted to approve Tuesday and Wednesday, June 16-17th, 2020 as the dates for the 46th Annual Convention.

IBA President Nick Pyle and IBA General Counsel Andrea Hart gave attendees an update on IBA's work in Washington. The Grain Chain coalition is continuing to engage the Dietary Guidelines committee through its consultant, Kathy Wiemer, formerly with Kellogg. The committee is running significantly behind on the 2020-25 Guidelines, which aren't expected to be finalized until Spring 2021.

IBA members should be reminded of upcoming compliance deadlines for labeling rules, including the Nutrition Facts Panel rule (January 1, 2020) and the Bioengineered Food Disclosure Rule (January 1, 2022). Scott Barth of Barth Packaging asked whether or not FDA's announced use of enforcement discretion for dietary fiber labeling would extend past the deadline if the agency has yet to rule on the final types of fiber to be labeled on the NFP. Andrea will follow up with the agency to clarify.

Andrea updated the group on recent activity in the sodium space, including FDA's proposal to allow "potassium chloride salt" on ingredient labels, even though that term tests poorly with consumers when compared to the label "potassium salt." FDA has also slowed down its work on guidance to recommend reduction of sodium across the food supply.

The group again discussed the wheat checkoff proposal. Many questions about specifics within GFF's request are unknown: including whether the referendum will be immediate or delayed for three months after assessments are paid in, whether the referendum vote will be weighted based on volume of flour purchased and whether seasonal upswings in flour purchases that put them temporarily above the exemption threshold will affect a business's exemption from the program. IBA will reach out to obtain a copy of the request document and will continue to discuss the proposal with AMS.

Andrea then updated the group on IBA's activities in the labor space, including three public comments submitted to the U.S. Department of Labor in recent weeks. IBA also continues to engage DOL and Congress regarding employment classification and protecting independent contractor status. The agency released an Opinion Letter which delineates its view of the standard for determining an independent contractor. IBA and the Coalition to Promote Independent Entrepreneurs has encouraged DOL to enshrine these standards into more permanent and far-reaching regulation. IBA is also staying at the forefront of the pension reform debate in Congress, as more bakers are affected by critical and failing multiemployer pension plans around the country.

Andrea alerted the group that IBA was approached by the National Association of Manufacturers and the U.S. Chamber of Commerce to support the Equality Act, which recently passed the House. The bill adds "gender identity" and "sexual orientation" to the list of currently seven protected classes under the Fair Housing Act and Civil Rights Act, related to employment discrimination. Currently about 40 industry groups, including the Food

Marketing Institute, National Grocers Association and National Grocery Manufacturers Association support the bill. The Supreme Court heard a case regarding whether those classes are already protected by law under the term “sex” in its Spring 2019 session, so there will be no activity in the Senate on the bill until after the case is decided.

Andrea highlighted a recent move by California regulators to pull Prop. 65 warnings for coffee, after a manufacturer-led lawsuit and outreach by FDA. IBA views this step is the first of many to curtail Prop. 65.

Nick gave the group an update on BakePAC’s activity and presented his “Way-too-early-top-25” list of the Democratic presidential candidates. Joe Biden, Bernie Sanders, Pete Buttigieg, Beto O’Rourke and Elizabeth Warren round out the top five candidates.

Connie called the Association Business session adjourned, and the group had lunch with **Congressman Fred Upton (R-MI)**. Like others, Fred discussed ratification of USMCA, and was skeptical that it would be ratified this Congress. He also mentioned Congress was far from finding consensus on raising the debt ceiling and passing appropriations bills before the end of FY2019.

After an afternoon break for family activities, attendees met lawmakers, Hill staff and food industry partners at IBA’s annual congressional reception, inside the U.S. Capitol building in the historic Mansfield Room. Senators John Boozman (R-AR), Marsha Blackburn (R-TN) and Congressmen Dan Newhouse (R-WA) and Chuck Fleischmann (R-TN) all joined IBA members from their home-districts at the reception, along with invitees from the Senate Agriculture Committee, Corn Refiners Association, National Association of Manufacturers and National Confectioners Association. At the reception, **Connie Vaughan of McKee Foods** awarded Senator Tim Kaine (D-VA) with one of our 2019 Horst G. Denk legislative Service Awards. **Danny Holan of Orlando Baking Company** presented the other Denk Award to Senator Rob Portman (R-OH).

The convention culminated with IBA’s annual dinner to support its political action committee, BakePAC. Joining IBA members and families was **Mark Morgan, Deputy Political Director for the National Republican Senatorial Committee**. Mark showed attendees a snapshot of how NRSC recruits new candidates and maintains incumbents. He highlighted three races to watch for 2020—Colorado, North Carolina and Arizona—which will be some of the most competitive.

IBA held its traditional ceremony to pass control of the Executive Team to its new Chair, Dan Mulloy. Nick Pyle thanked outgoing Chair Connie Vaughan for her tremendous leadership and presented her with a commemorative plaque in gratitude. Connie then passed the gavel to Dan, asserting that she is certain IBA is in the hands of someone who is eager to help in tasks big and small. Dan spoke to the group, highlighting his plans to help grow IBA and continue the engagement of existing members. He looks forward to hosting his first meeting as Chair in the fall at IBIE. Dan called the convention adjourned at 8:15 pm on Wednesday.

IBA’s Fall Networking Breakfast and Policy Roundtable will take place during the International Baking Industry Expo at the Las Vegas Convention Center. IBA members and trade show attendees will join for a free breakfast on Tuesday, September 10, 2019, the third day of the expo, at 8:00 am.