

IOWA ALCOHOLIC BEVERAGES COMMISSION

MINUTES

Iowa Alcoholic Beverages Division
1918 SE Hulsizer Road, Ankeny, IA
January 16, 2018 – 1:00 p.m.
Dial In Number: 1.866.685.1580
Conference Code Number: 0009991572

Commission Members Present

Gary Nystrom: Chair
Rachel Eubank: Vice Chair
John Pauli: Secretary
Crissy Riesenbeck-Spratt: Member (via phone)
Jay Wilson: Member

Division Staff Present

Stephen Larson: Administrator
Erin Carpenter: Assistant to the Administrator
Tyler Ackerson: Education & Outreach Program Planner
Leisa Bertram: Accountant 2
Jodi Christensen: Purchasing Agent 3
Josh Happe: Bureau Chief, Regulatory Compliance Bureau
Todd Halbur: Comptroller
Jake Holmes: Education and Outreach Program Planner
Pam Koehn-Miller: Secretary
Lolani Lekkas: Compliance Officer 1
John Lundquist: Assistant Attorney General
Stephanie Strauss: Government Relations
Herb Sutton: Manager, Business Operations
Nicole Scebold: Management Analyst 3
Jason Hohn: Licensing Clerk Specialist

Guests Present

Mackenzie Nading: Iowa Wholesale Beer Distributors Association
Mike Brewington: Iowa Beverage Systems
Tim Byrne: Diageo
Jessica Dunker: Iowa Restaurant Association

Guests Present via Phone

Tod Wolter: 7G Distributing

Wendy Turk: Fintech

CALL TO ORDER

Chairperson Gary Nystrom called the meeting to order at 1:01 p.m. and roll was taken. There was a quorum.

APPROVAL OF AGENDA

MOTION: A motion was made by Commissioner Wilson and seconded by Commissioner Pauli to approve the agenda for the January 16, 2018, Commission meeting.

Motion approved.

APPROVAL OF MINUTES

MOTION: A motion was made by Commissioner Wilson and seconded by Commissioner Pauli to approve the minutes for the November 8, 2017, November 28, 2017, and December 19, 2017 meetings.

Motion approved.

Chairperson Nystrom recognized Administrator Stephen Larson for the Administrator's Report.

ADMINISTRATOR'S REPORT

Administrator Larson presented and reviewed trends and patterns comparing FY14 through FY17. Administrator Larson then recognized Comptroller Todd Halbur for a financial management report. Mr. Halbur reported that Year-to-Date through December FY18, the Division had \$158,681,840.00 in total liquor sales, which was a 4.79 percent growth in sales over December FY17. The average monthly order volume for FY18 was 5,371 compared to 4,913 in FY17, a 9.32 percent increase. Reversion to the General Fund increased 1.05 percent. Mr. Halbur reported that so far in FY18 we are showing a good growth pattern and are trending on track. Mr. Halbur then recognized Accountant 2 Leisa Bertram who presented the FY18 December Sales Comparison. Ms. Bertram stated that many of the categories are trending above FY17 with some slowing at the 6 month mark but is still showing growth into FY18.

Administrator Larson recognized Safety/Security and Brand Manager Jodi Christensen to give an update on workman's compensation. Ms. Christensen stated that FY17 ABD had 9 total injuries down from 19 in FY16. ABD's overall FY17 workman's compensation cost was \$400,980.76, however included in that is a \$100,000.00 litigation settled from 2012. Workman's compensation FY18 premiums have had a 17.80 percent increase over FY17. Commissioner Nystrom recognized Ms. Christensen for the persistence & hard work of handling workman's compensation and continually working to improve safety and security policies at ABD.

Administrator Larson commented that with the release of the Annual Report that the Division and the Iowa Liquor Wholesale Model is profitable and is creating a very valuable return on investment for Iowans which was outlined in the annual report over the last decade.

Administrator Larson gave an update to the RFP for a public/private partnership in the distribution of spirits. As Administrator Larson has reported out in other commission meetings we did receive some bids, there is an evaluation process that is ongoing under the leadership of Karl Wendt who is with the Department of Administrative Services. There is a comprehensive evaluation committee of 10-12 individuals that have begun that process. A report will be issued in the coming weeks and at that point there would be a recommendation made.

Commissioner Nystrom recognized Attorney General John Lundquist for an attorney general's report. Mr. Lundquist wanted to bring the commission up to date on some pending litigation that is ongoing concerning interpretation of section 123.45 which is the tied house statute that limits the ownership interest that certain manufactures and wholesalers can have in retail interest. Awhile back this agency denied a license to a series of convenience stores here in central Iowa because the owner of those 5 stores also held a 70% ownership interest in a California winery. This matter has made its way to the Iowa Court of Appeals and last week Mr. Lundquist had an opportunity to argue that case to the Court of Appeals' three judge panel. Mr. Lundquist anticipates a ruling on this in the next 30 days.

PUBLIC COMMENT

Mike Brewington: (Iowa Beverage Systems) Q. Wondered by changing the minimum order from \$600 to \$1,000 if that has impacted the number of weekly stops we are making. A. We are in the process of analyzing this over the next 2 to 3 months. Q. On the 50ml bottle of spirits, is the deposit charge on the single unit or sleeve of spirits? A. On the single unit.

Jessica Dunker: (Iowa Restaurant Association) Wanted to thank the Commission and the Division for taking the dramshop issue seriously to date.

OLD BUSINESS

Dramshop Insurance Update: Commissioner Nystrom reported to the commission that Administrator Larson, Director Debi Durham and Commissioner Nystrom met with Mr. Ommen, Commissioner of Insurance, on December 18, 2017, to discuss the issue regarding the availability of insurance for on-premises licensees. Commissioner Ommen agreed to review.

NEW BUSINESS

None

NEXT MEETING DATES

Wednesday, February 7, 2018 at 10:00 a.m. at Golden Eagle Distributing, Mount Pleasant. This will be a public forum on the Iowa Liquor Wholesale Model.

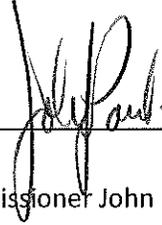
Wednesday, May 9, 2017 at 1:00 p.m. at Iowa Alcoholic Beverages Division, Ankeny

ADJOURNMENT

MOTION: A motion was made by Commissioner Eubank and seconded by Commissioner Riesenbeck - Spratt to adjourn the meeting.

Motion approved.

The meeting adjourned at 2:30 p.m.



4/4/2018

Commissioner John Pauli, Secretary