

AGENDA
IOWA ALCOHOLIC BEVERAGES COMMISSION MEETING

Iowa Alcoholic Beverages Division
October 08, 2019 – 1:00 PM – 4:00 PM
Dial in Number: 1.866.685.1580
Conference Code Number: 0009991572

Call to Order.....Chairperson Pauli

- I. Introductions/Opening Remarks
- II. Approval of Agenda - **ACTION ITEM**
- III. Approval of Minutes August 27, 2019 - **ACTION ITEM**

Administrator's Report.....Administrator Larson

- IV. Business Operations Report – Herbert Sutton, Bureau Chief Business Operations
- V. Financial Management Report – Leisa Bertram, Comptroller

Public Comment.....Chairperson Pauli

Old Business.....Chairperson Pauli

- **SLRRRP Listing – Tabled by the Commission 8/27/2019**

New Business.....Chairperson Pauli

Next Meeting Dates.....Chairperson Pauli

- Tentative Telephonic Meeting the morning of November 13, 2019 to Adopt Rules
- December 10, 2019

Adjournment.....Chairperson Pauli

NOTE: Committee and Board agendas may be amended any time up to 24 hours before the meetings. Agenda items may be considered out of order at the discretion of the chair. Meetings will not convene earlier than stated above. If you require accommodations to participate in this public meeting, call 515.281.7407 or TTY at (toll-free) 866.IowaABD to make your request. Please notify ABD at least 48 hours in advance.

IOWA ALCOHOLIC BEVERAGES COMMISSION

MINUTES

Iowa Alcoholic Beverages Division
August 27, 2019 – 1:00 p.m.
Dial In Number: 1.866.685.1580
Conference Code Number: 0009991572

Commission Members Present

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

Division Staff Present

Herb Sutton: Bureau Chief, Business Operations
Erin Carpenter: Assistant to the Administrator
Stephanie Strauss: Government and Public Relations
Tyler Ackerson: Government and Public Relations
Leisa Bertram: Comptroller
Martin Moen: IT Manager
Jodi Christensen: Safety/Security & Brand Management
Heather Schaffer: Compliance Officer 2
Jake Holmes: Education and Outreach
Denise Roberg: Education and Outreach
Lolani Lekkas: Compliance Officer 2
Madelyn Cutler: Reception

Guests Present

Alan Nagel: AAG
John Bobleter: Ruan
Marty Wadle: Ruan
Scott Gstell: RS Lipman Co, Heroes Vodka
Stephen Houck: SLRRRP LLC
Sara Allen: Cornerstone Government Affairs
Tara Meier: Ruan
Ron DeVries: Ruan
Kyle Doyle: Iowa Distilling Company
Eric Goranson: Iowa Restaurant Association
Angel Banks- Adams: LSA
Kelsey Seay: Iowa Brewers Guild
Troy Hargrove: (via phone)
Jeremy Thompson: Sazarac (via phone)

Brittany Lumley: LS2 Group (via phone)

CALL TO ORDER

Chairperson Pauli called the meeting to order at 12:58 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 Nystrom to approve the agenda for the August 27, 2019, Commission meeting.

Motion approved.

APPROVAL OF MINUTES

MOTION: A motion was made by Commissioner Nystrom and seconded by Commissioner Wilson to approve the minutes for the June 25, 2019 meeting.

Motion approved.

NEW BUSINESS

Stephen Houck, SLRRRP LLC, displayed his presentation for appeal of the denial of the permanent listing requests of SLRRRP Vodka. The first listing featured a product as a 50mL pre- packaged gelatin shot infused with flavored vodka presented in a 20- pack tub. A second listing request was also filed for a 3- pack of SLRRRP. The listing requests were denied due to the product and its packaging did not meeting ABD's social responsibility guidelines as outlined in the ABD listing manual. Nicole Scebold, ABD, explained why the listing was denied by reading the social responsibility public policy.

Commissioner Nystrom expressed concern with young children not being able to discern alcoholic gelatin products with non- alcoholic gelatin products.

Commissioner Spratt remarked that the concern over young children confusing this product is similar to frozen alcoholic popsicles she has purchased in Missouri. She stated she believed the responsibility should be held to parents.

MOTION: A motion was made by Commissioner Nystrom and seconded by Commissioner Pauli to affirm the Administrator's decision on the listing request from SLRRRP.

A roll call vote was taken.

Commissioner Pauli – aye

Commissioner Spratt -- nay

Commissioner Wilson -- nay

Commissioner Nystrom -- aye

Commissioner Eubank – not present

Motion failed: Due to a lack of a majority the motion failed. Further conversations were held between the Commissioners and the Assistant Attorney General, Alan Nagel on options to proceed.

MOTION: A motion was made by Commissioner Pauli to table to a future Commission meeting when all five commissioners are present, a continuance of the SLRRRP appeal.

A roll call vote was taken.

**Commissioner Pauli – aye
Commissioner Spratt -- aye
Commissioner Wilson -- aye
Commissioner Nystrom -- aye
Commissioner Eubank -- not present**

Motion approved.

Scott Gstell with R.S. Lipman Company displayed his appeal for the denial of the permanent listing request of Heroes Vodka. The product is an 80- proof American Vodka as 750mL and 1.75L sizes. The listing request was denied due to oversaturation of the product category, size, and price point, with a negative overall category trend for American Vodka. Subsequently, the product was approved for a 90 day temporary listing. Ms. Scebold stated that while Heroes Vodka has been approved for a 90 day listing it has only been for sale for two weeks so there are not strong analytics of sales to present for comparison with other products in the category.

MOTION: A motion was made by Commissioner Pauli and seconded by Commissioner Nystrom to affirm the Administrator's decision regarding Heroes Vodka.

A roll call vote was taken.

**Commissioner Pauli – aye
Commissioner Spratt -- aye
Commissioner Wilson -- aye
Commissioner Nystrom -- aye
Commissioner Eubank -- not present**

Motion approved.

ADMINISTRATOR'S REPORT

Administrator Larson's designee, Business Operations Bureau Chief, Herb Sutton, started the Administrator's Report. He made various comments about legislation, Ruan transition and sales numbers. Additional information will be provided at the next meeting when Leisa Bertram, Comptroller does a financial deep dive.

Business Operations Bureau Chief, Herb Sutton recognized Comptroller Leisa Bertram for a financial management update. Ms. Bertram gave the preliminary Fiscal Year 2019 financial analysis and start of Fiscal Year 2020 numbers. She stated that the liquor sales for Fiscal Year 2019 year end were \$339,537,642 which was a 6.09 percent increase. The total General Fund Reversion YTD is at \$125,875,595, up at a 4.85 percent increase. The month of July Fiscal Year 2020 had sales of \$25,784,786, up a 17.51 percent increase from July Fiscal Year 2019.

Commissioner Pauli asked if ABD has obtained a solid number on what amount of money is diverted to a new store's inventory. Ms. Bertram replied that is a hard number to quantify. Due to business model differences, Casey's General Stores can be easier to guess but still not very predictable. Martin Moen, IT Manager, added

that when it comes to Casey's Stores, there is a difference between older stores and new stores in regards to size and demographic needs. There will be additional analytics broken down in this year's annual report.

Mr. Sutton recognized Ron Devries, Ruan Transportation, for a brief transition update. He remarked all the Ruan trailers have arrived and there are only three leased trailers left. He added with the explosion of Sam's Club orders and additional Casey's General Stores, it has created more work than usual. There has been a twenty percent increase in warehouse orders, so two new standing forklifts have been added to assist with that workload. He announced that since the transition has begun, there has not been any personnel turnover and the efficiency has increased significantly. Mr. Devries then gave an update on the IT cutover date progress that will proceed to start September 30th.

Commissioner Wilson commented that his overall transition feedback has been positive from a retail perspective.

Commissioner Pauli recognized Governmental and Public Relations, Stephanie Strauss, to give an overview of the action being taken today. She stated there will not be any legislation submitted in FY2020 by the Division, but rulemaking will be the focus for FY2020 with the Commission's help.

Commissioner Wilson asked how Administrative Rule 185-16.41 will be regulated. Heather Schaffer, Compliance Officer, replied that ABD investigates any complaints necessary but very few apply to this rule.

MOTION: A motion was made by Commissioner Wilson and seconded by Commissioner Spratt to approve ABD to move forward with rule making.

Motion approved.

PUBLIC COMMENT

None

OLD BUSINESS

None

NEXT MEETING DATES

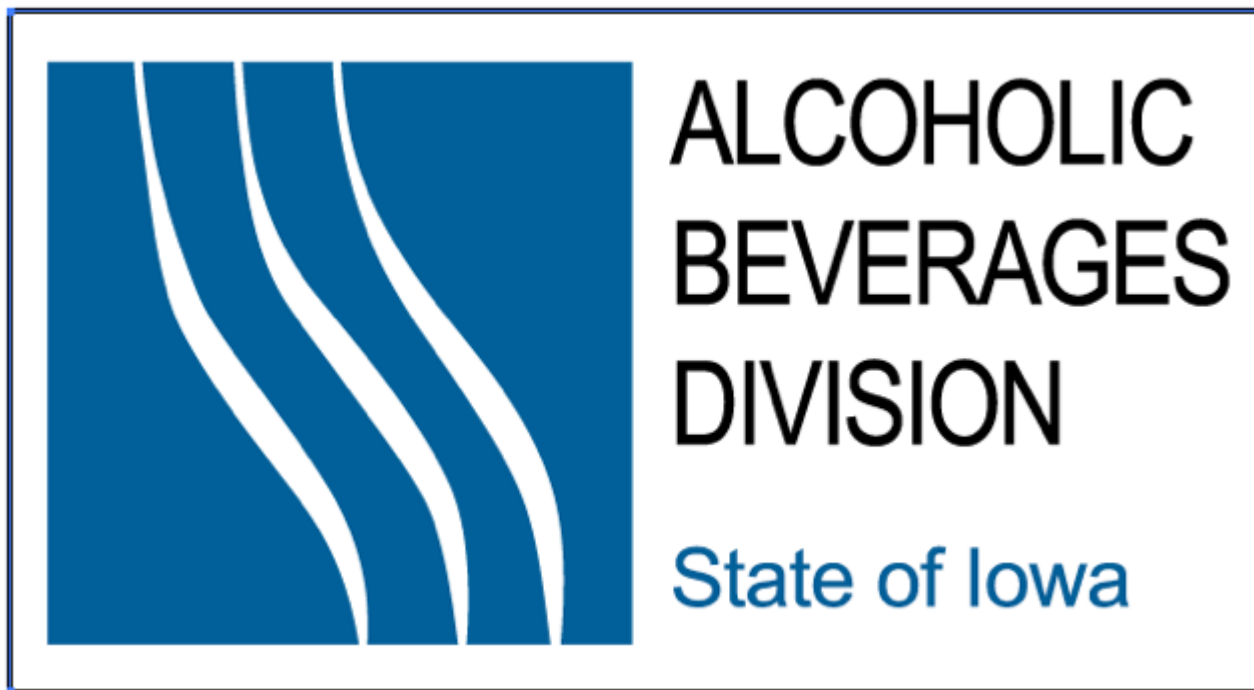
Tuesday, October 8, 2019 at 1:00 p.m. at Iowa Alcoholic Beverages Division, Ankeny

Tuesday, December 10, 2019 at 1:00 p.m. at Iowa Alcoholic Beverages Division, Ankeny

ADJOURNMENT

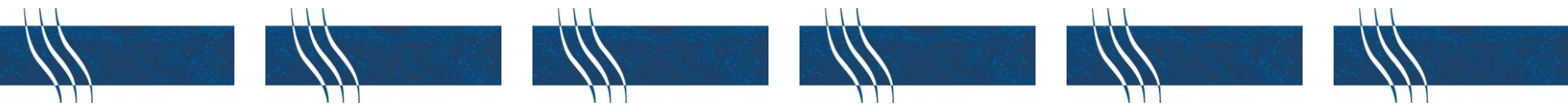
The meeting was informally adjourned.

Commissioner Jay Wilson, Secretary



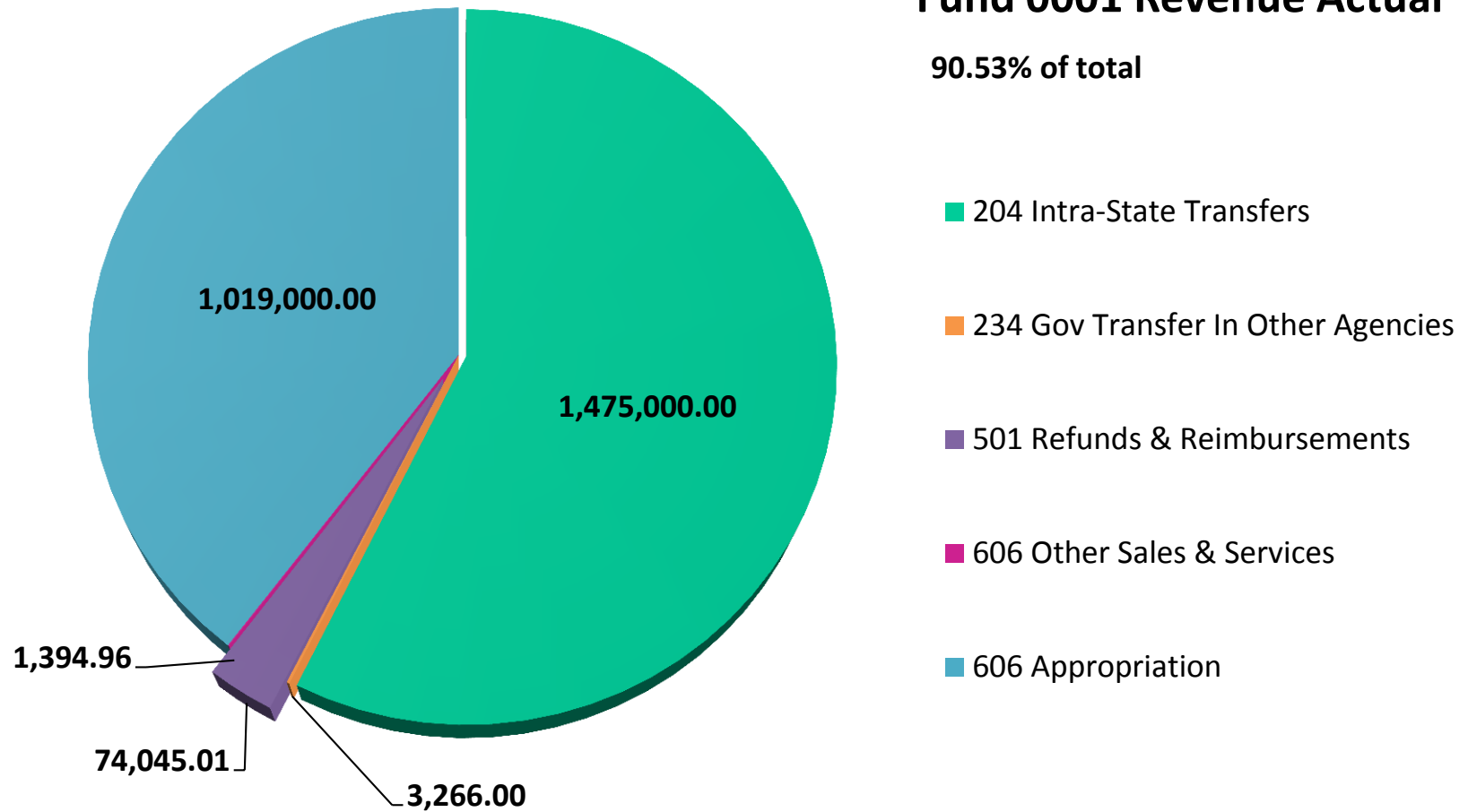
**FY2019 Year End Financial Review
July 1, 2018 – June 30, 2019 with Hold Open**

FY2020 September YTD



Fund 0001 Revenue Actual

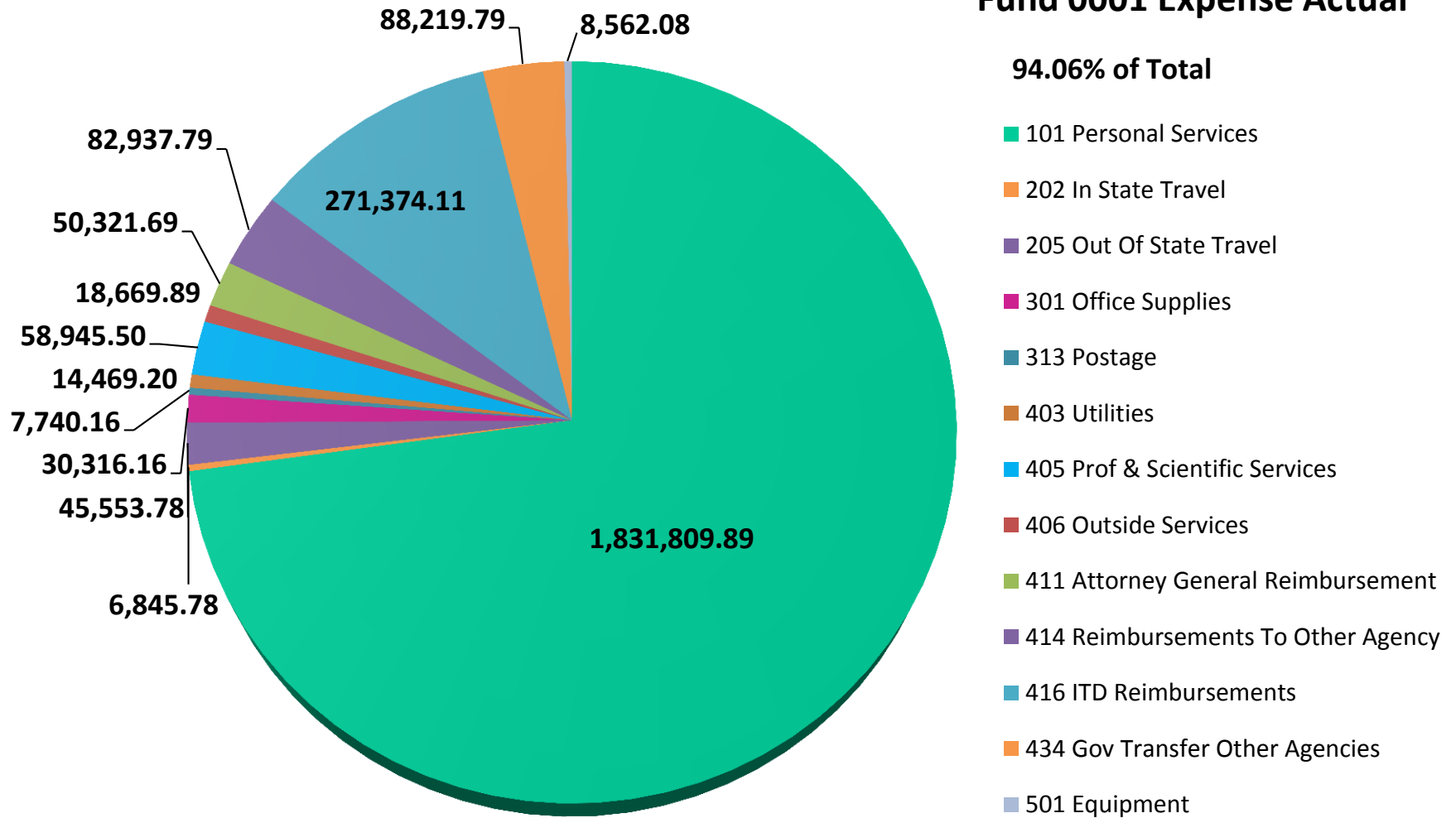
90.53% of total

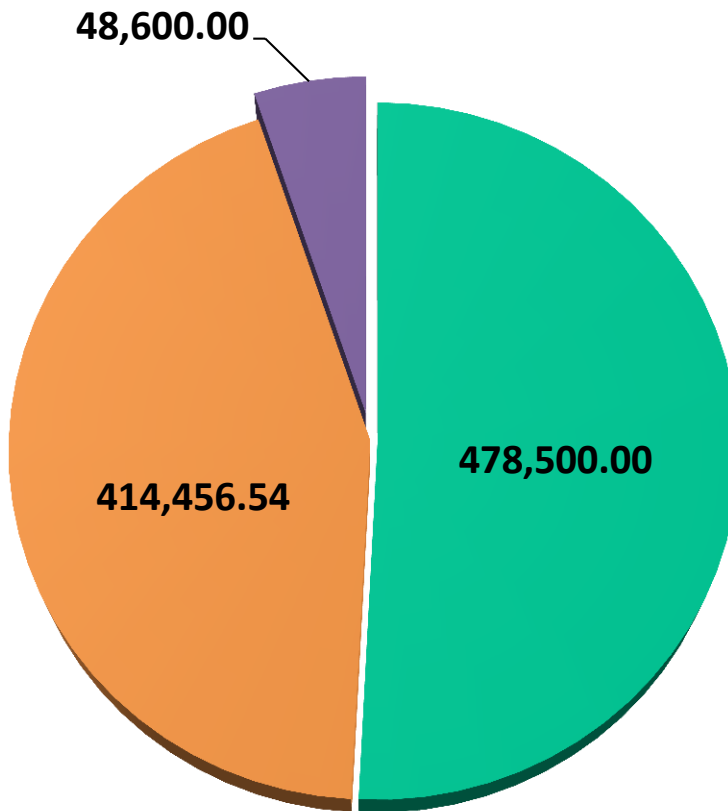




Fund 0001 Expense Actual

94.06% of Total

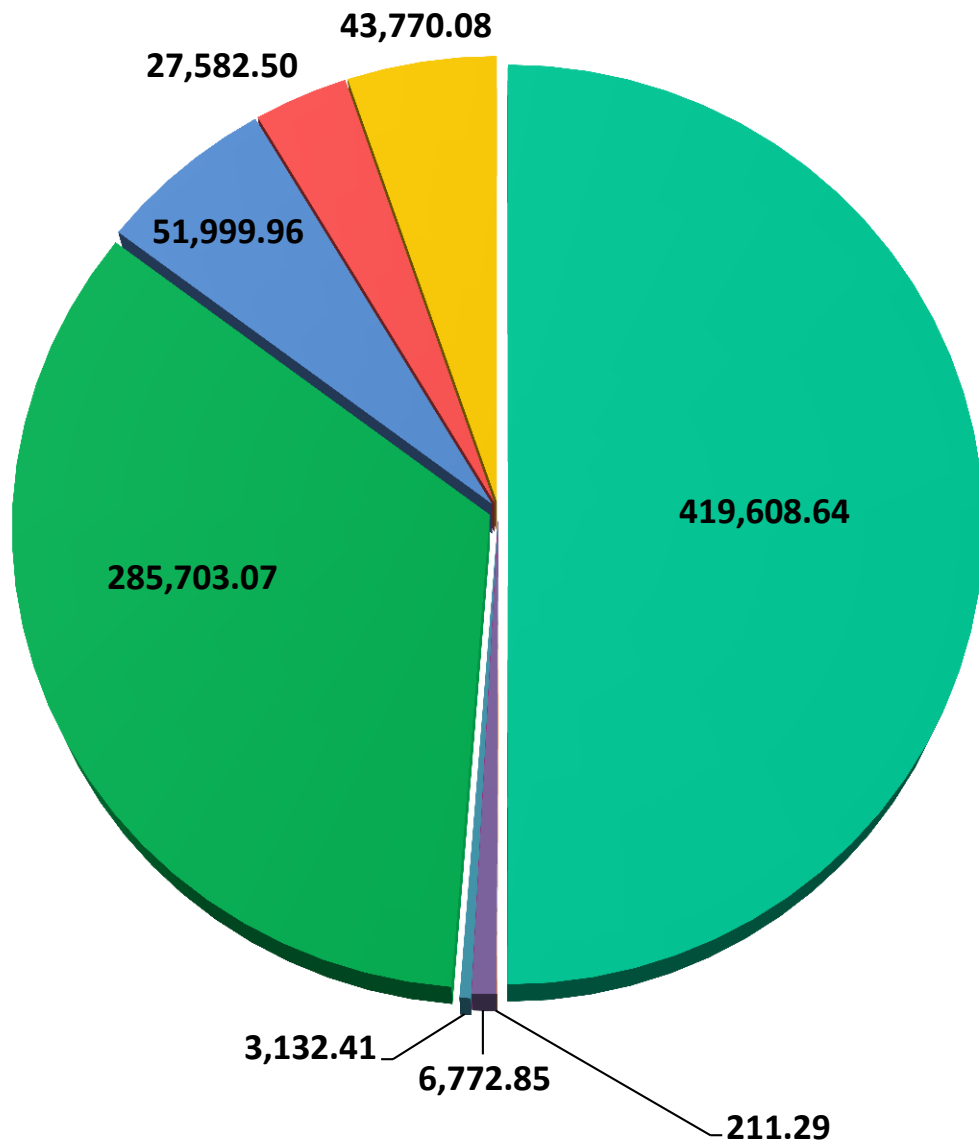




Fund 0091 Revenue Actual

95.84% of total

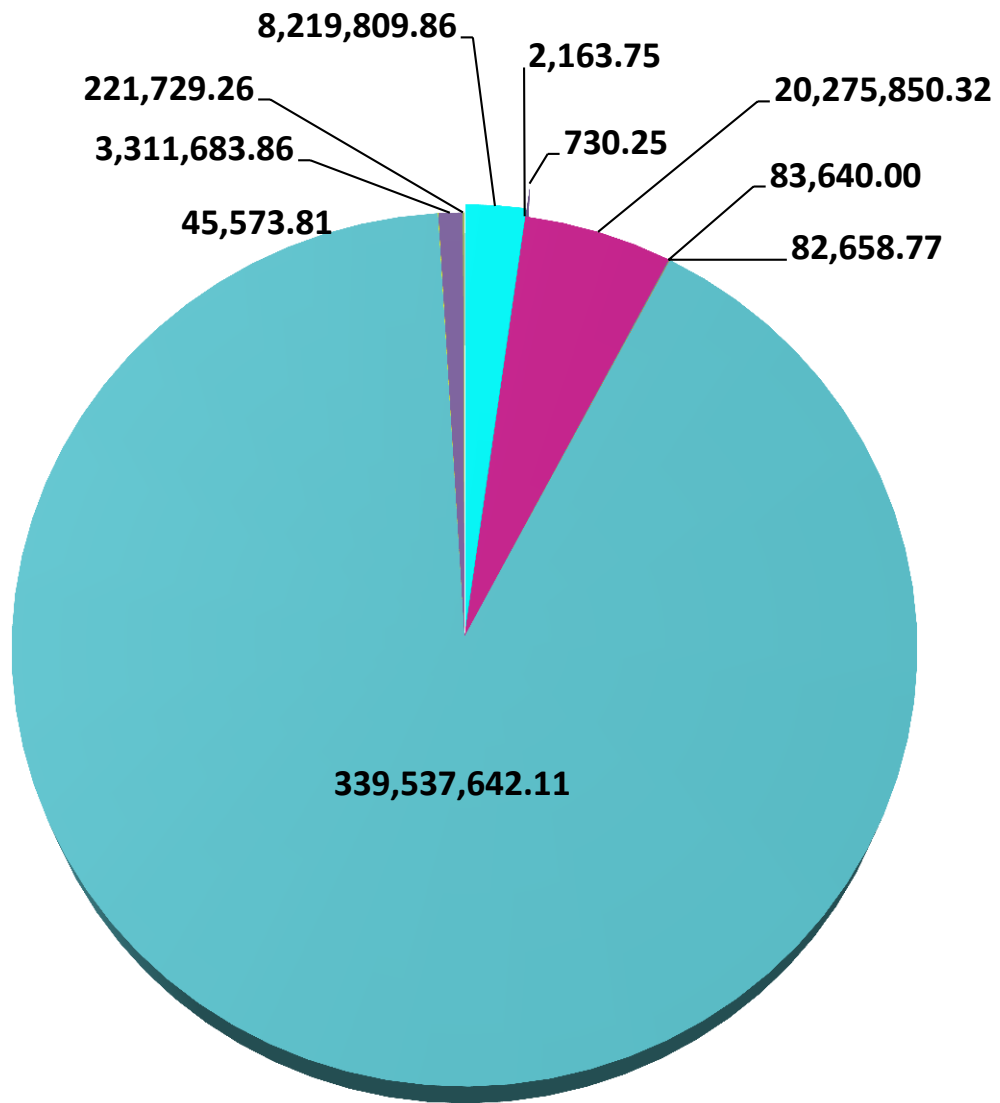
- 204 Intra-State Transfers
- 234 Gov Transfer In Other Agencies
- 501 Refunds & Reimbursements



Fund 0091 Expense Actual

86.73% of total

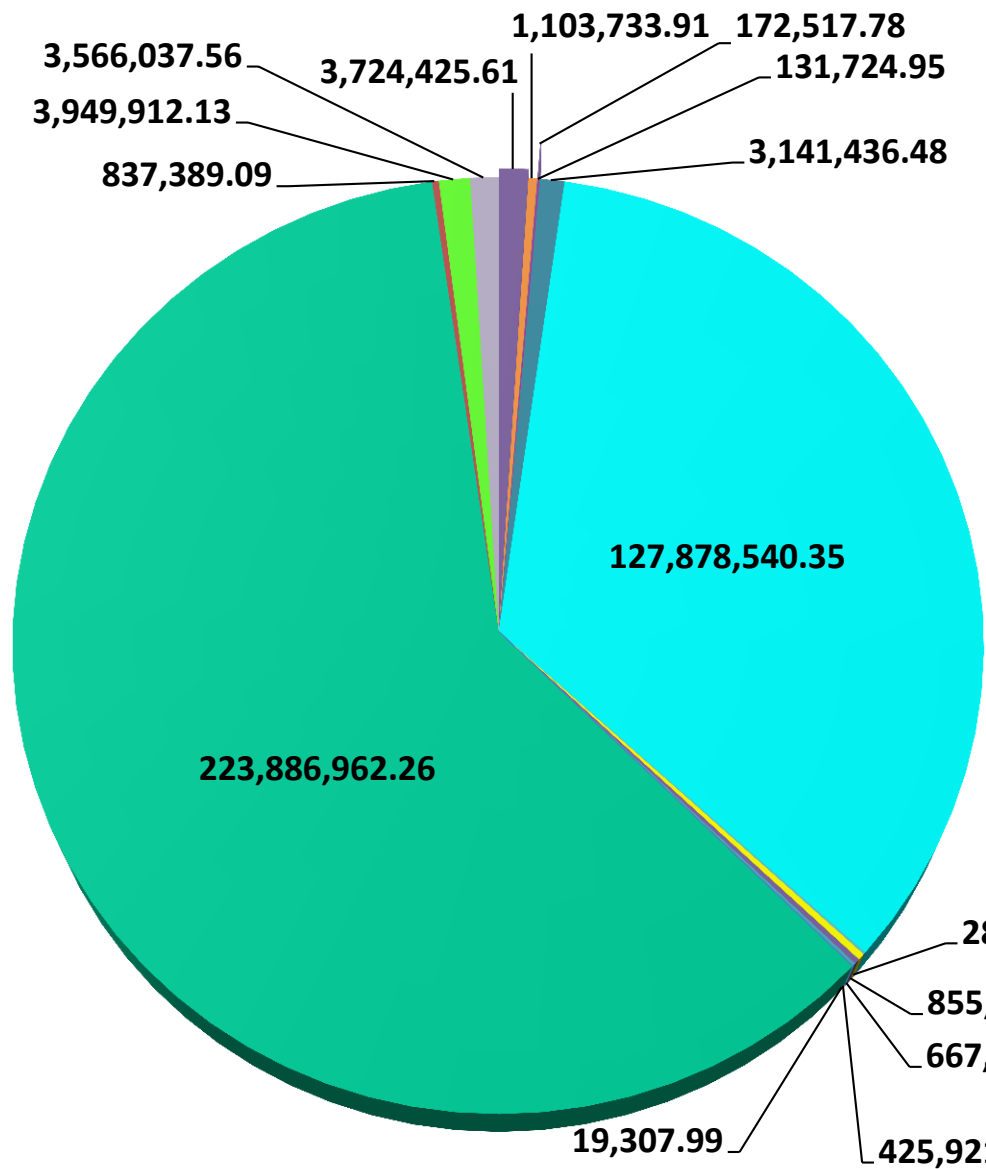
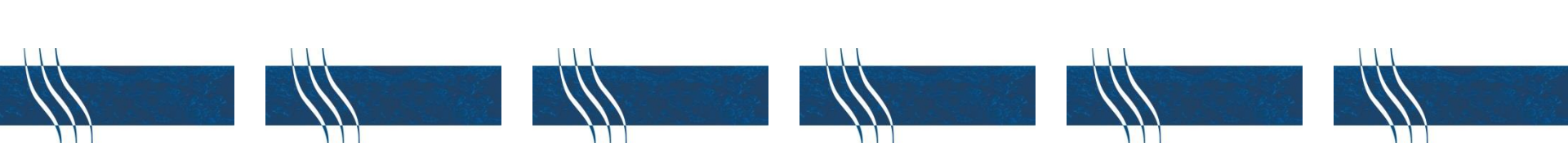
- 101 Personal Services
- 202 In State Travel
- 203 State Vehicle Operation
- 309 Printing & Binding
- 313 Postage
- 406 Outside Services
- 411 Attorney General Reimbursement
- 418 IT Outside Services
- 602 Other Expenses & Obligations



Fund 0631 Revenue Actual

108.79% of total

- 112 Liquor Tax
- 205 Intra-State Reimbursements
- 234 Gov Transfer In Other Agencies
- 401 Fees, Licenses & Permits
- 501 Refunds & Reimbursements
- 603 Rents & Leases
- 605 Liquor
- 606 Other Sales & Services
- 701 Unearned Receipts
- 704 Other



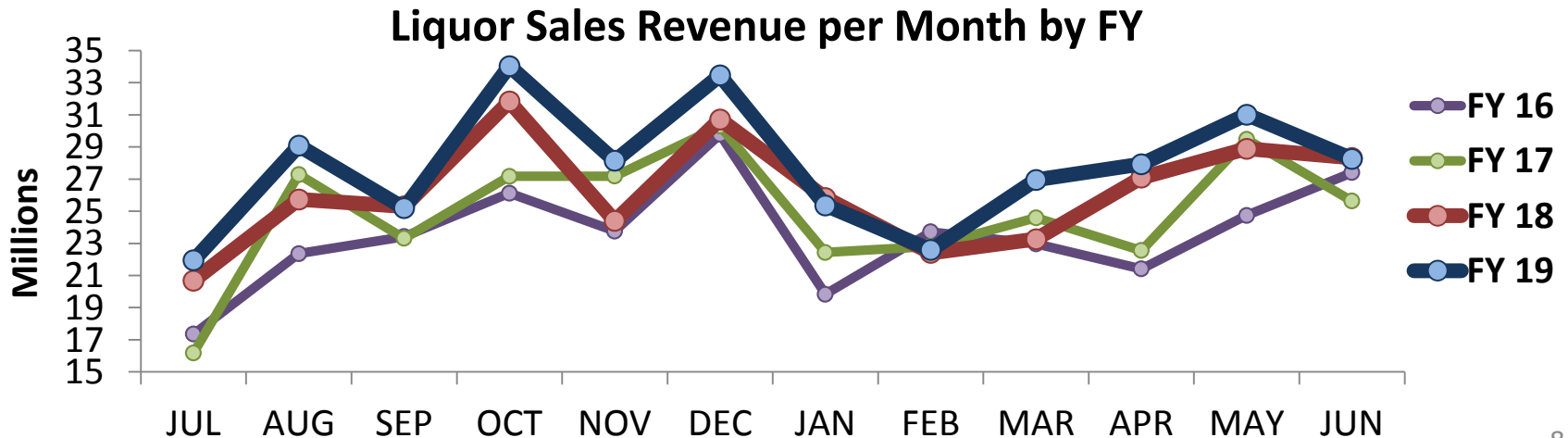
Fund 0631 Expense Actual

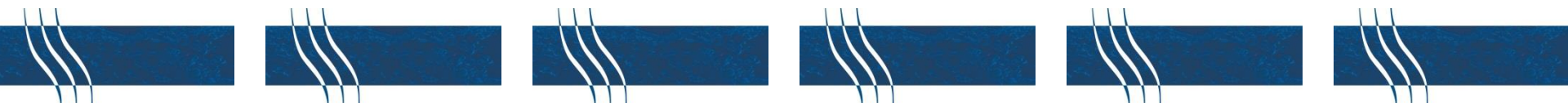
108.62% of total

- 101 Personal Services
- 203 State Vehicle Operation
- 308 Other Supplies
- 403 Utilities
- 406 Outside Services
- 407 Intra-State Transfers
- 414 Reimbursements To Other Agency
- 416 ITD Reimbursements
- 418 IT Outside Services
- 419 Intra Agency Reimbursement
- 501 Equipment
- 510 IT Equipment & Software
- 603 Inventory
- 705 Refunds-Other
- 801 State Aid
- 901 Capitals

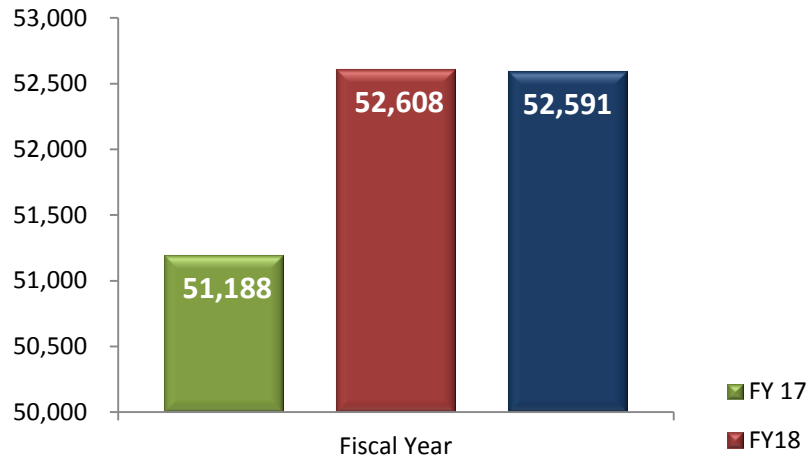
FY 2019 Year End July 1, 2018 - June 30, 2019 with Hold Open

Category	FY 2019	FY 2018	% Change
Liquor Sales	339,537,642	320,049,812	6.09%
Split Case Fee	1,542,294	1,575,192	-2.09%
Bottle Dep and Sur	3,311,684	3,048,268	8.64%
Total Revenue	344,391,620	324,673,272	6.07%
Deliveries	52,591	52,608	-0.03%
Orders	61,465	61,601	-0.22%
Cases	2,159,677	2,044,523	5.63%
Bottles	25,922,072	24,545,610	5.61%

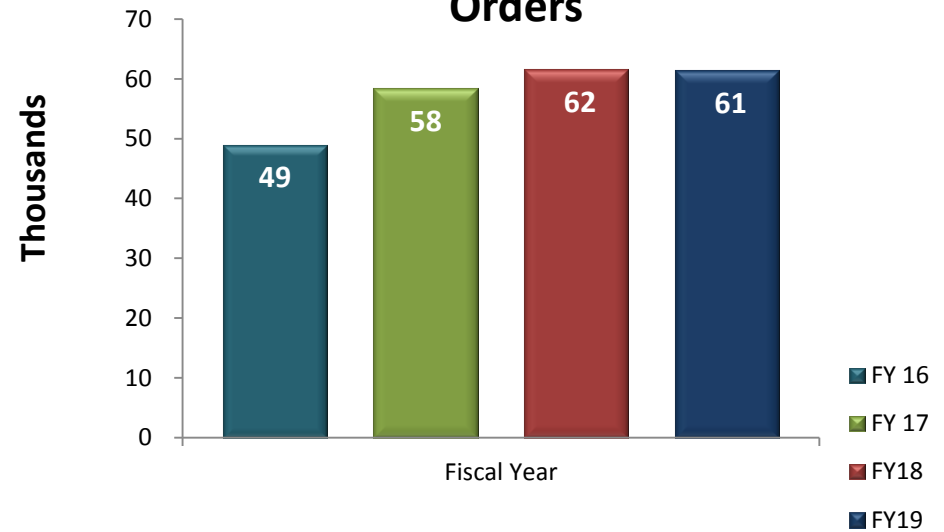




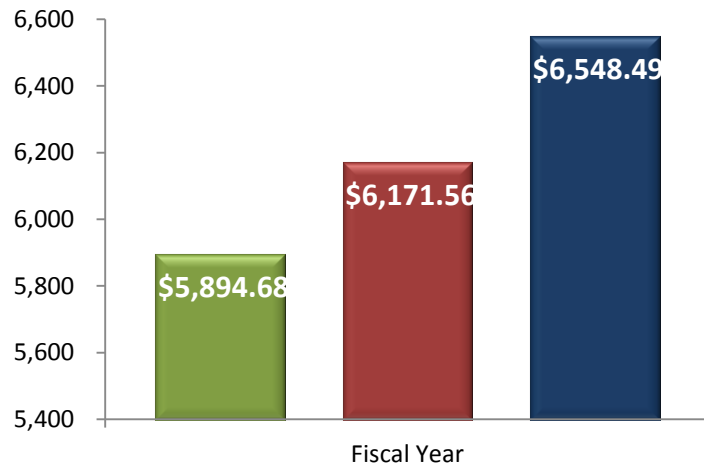
Deliveries



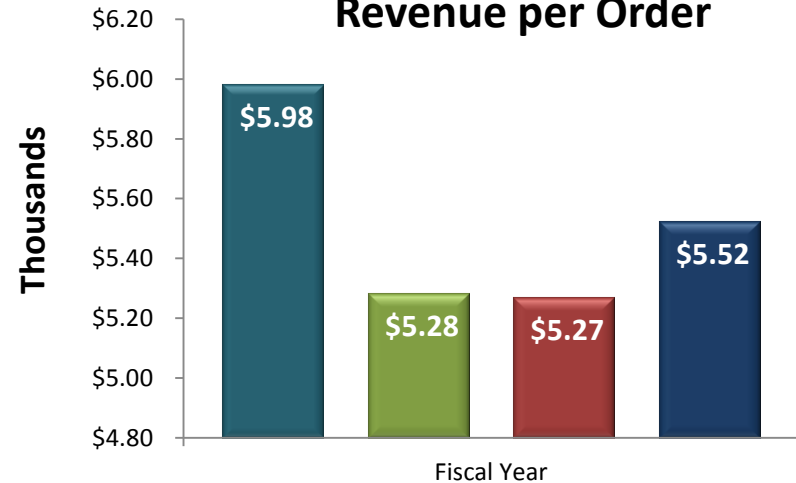
Orders



Revenue Per Delivery

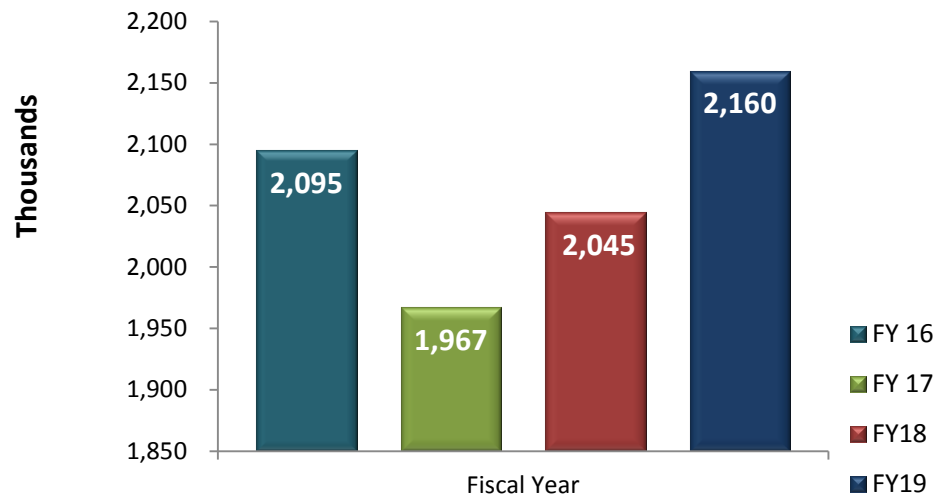


Revenue per Order

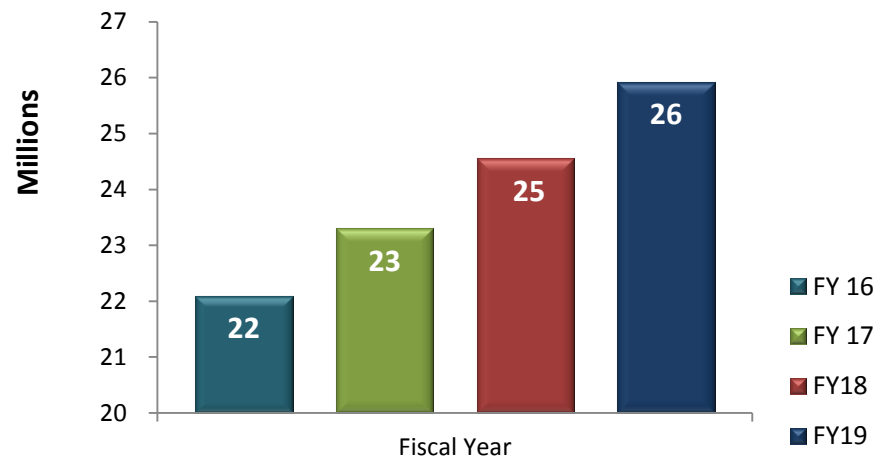




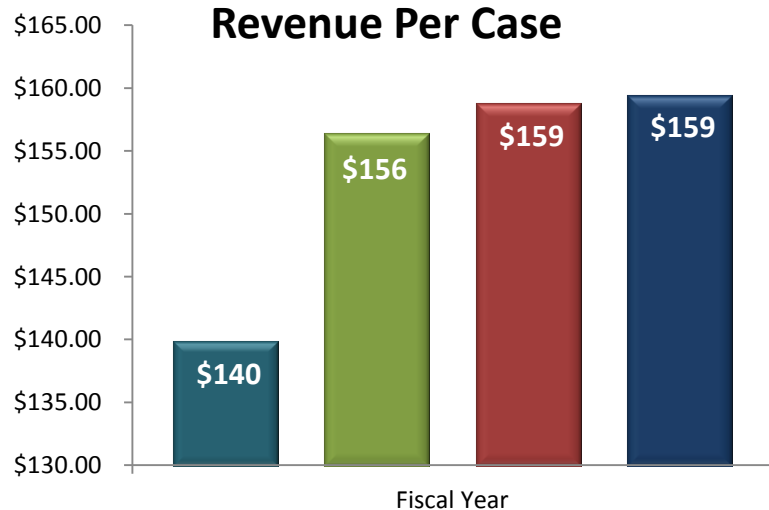
Cases



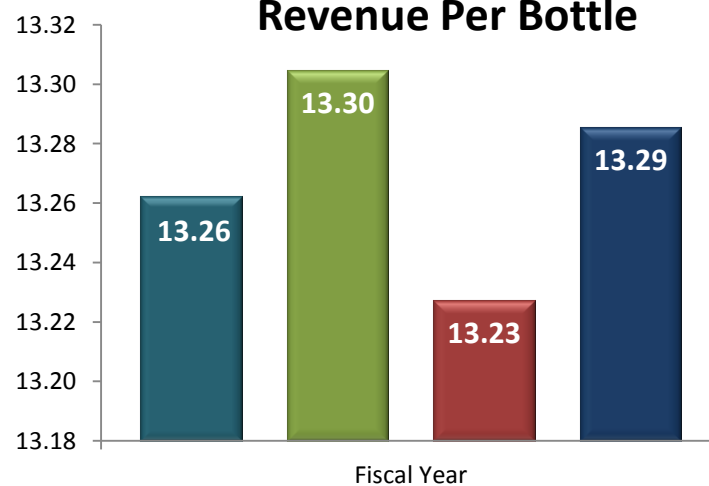
Bottles

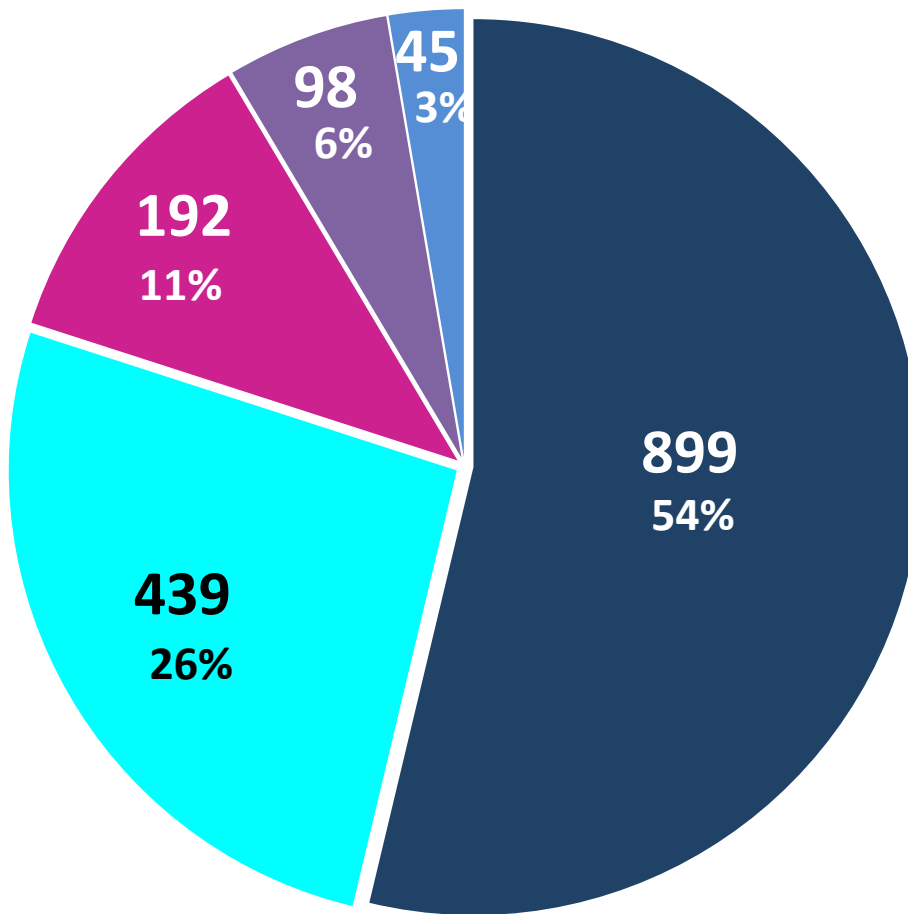


Revenue Per Case



Revenue Per Bottle





LE License Types

As of 06/30/2019

1,673 Total

- Convenience Store
- Grocery Store
- Liquor Store
- Pharmacy
- Other

Same Store Sales YOY- Top 10 Retailers

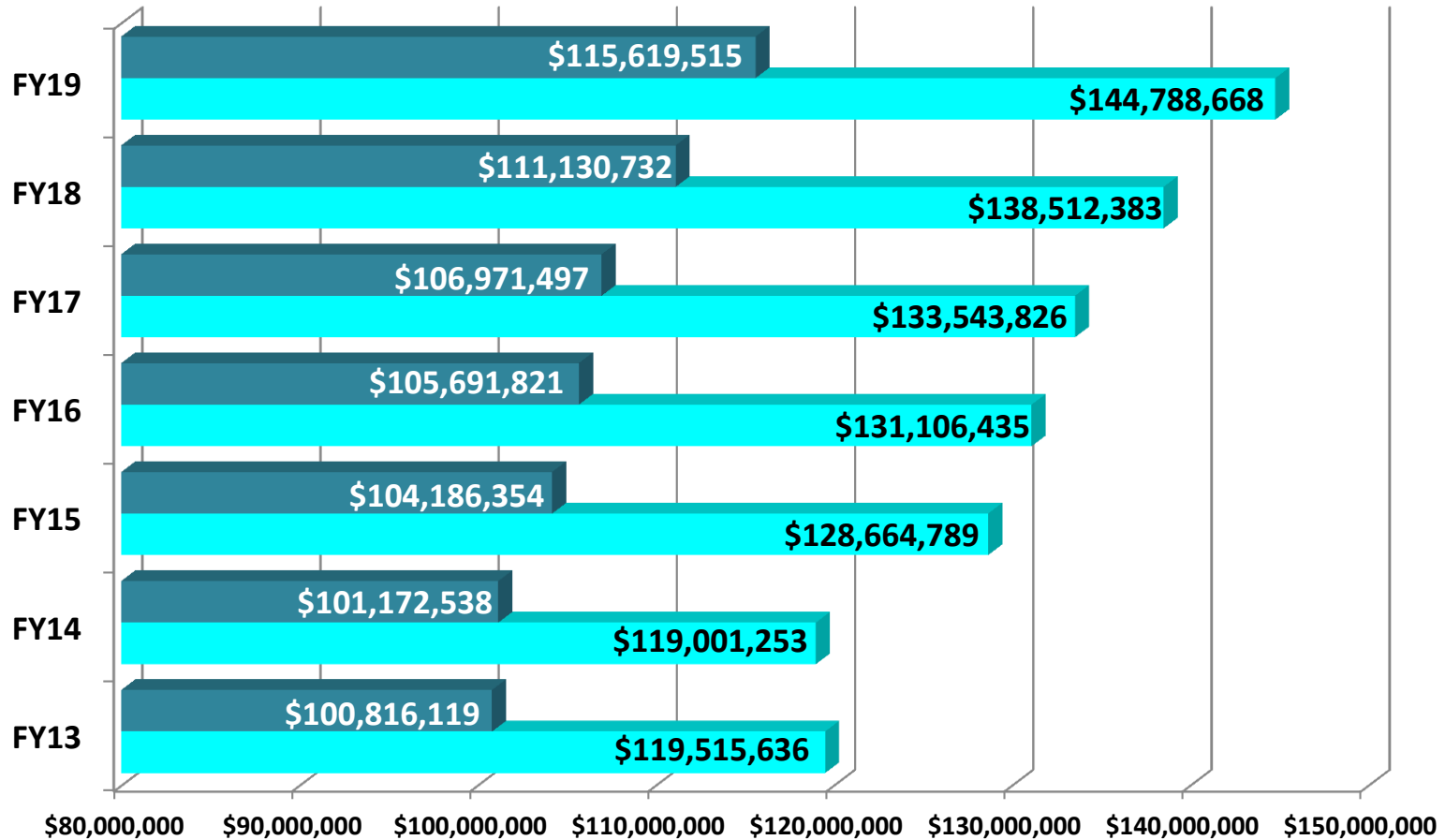
Rank	Licensee	Sales FY18	Sales FY19	Change YOY	% Change
1	Hy-Vee	\$80,345,851	\$125,635,967	\$45,290,116	56.4%
2	Fareway Stores	\$16,952,844	\$22,821,722	\$5,868,878	34.6%
3	Wal-Mart	\$12,816,426	\$21,854,065	\$9,037,639	70.5%
4	Sam's Club	\$15,567,121	\$19,907,371	\$4,340,250	27.9%
5	Central City	\$5,183,614	\$13,039,093	\$7,855,479	151.5%
6	Casey's General Store	\$6,439,703	\$9,564,767	\$3,125,064	48.5%
7	Kum and Go	\$4,755,156	\$6,204,912	\$1,449,756	30.5%
8	Costco	\$4,694,813	\$6,061,782	\$1,366,969	29.1%
9	Wilkie Liquors	\$1,979,091	\$3,504,643	\$1,525,552	77.1%
10	Target	\$1,803,863	\$3,398,888	\$1,595,025	88.4%

FY2019 Other Revenues Comparison

Taxes Processed	FY2019	FY2018	+/-	Deposit
Beer Tax	\$ 13,438,680	\$ 13,592,912	-1.13%	General Fund
Native Beer Tax	\$ 151,098	\$ 129,933	16.29%	IEDA
Wine Tax	\$ 8,219,810	\$ 8,166,553	0.65%	ABD
Native Wine Tax	\$ 271,568	\$ 289,916	-6.33%	IEDA
Total Taxes	\$ 22,081,157	\$ 22,179,314	-0.44%	

License Fees	FY2019	FY2018	+/-
Liquor Permits	\$ 17,202,279	\$ 15,111,660	13.83%
Wine Permits	\$ 79,250	\$ 72,727	8.97%
Beer Permits	\$ 1,294,109	\$ 1,238,395	4.50%
Special Licenses	\$ 9,505	\$ 9,900	-3.99%
Compliance Licenses	\$ 148,414	\$ 181,000	-18.00%
Total License Revenue	\$ 18,733,557	\$ 16,613,682	12.76%

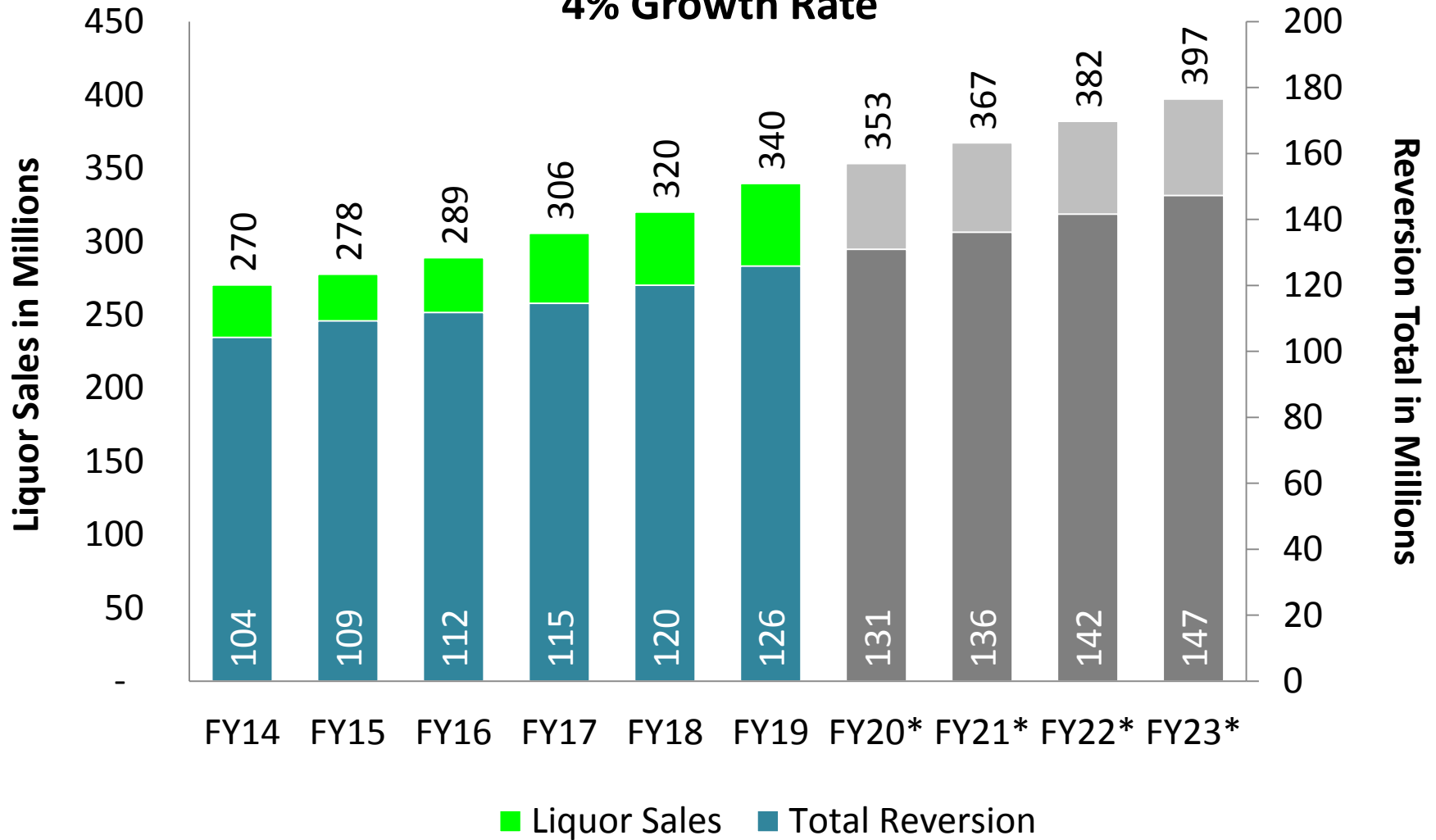
Total Reverted and Distributed Funds year over year





Liquor Sales Growth vs Reversion Growth

4% Growth Rate





More Information Provided in FY2019 Annual Report

Category sales Comparison

Supplier and LE Comparisons

Return Order Metrics

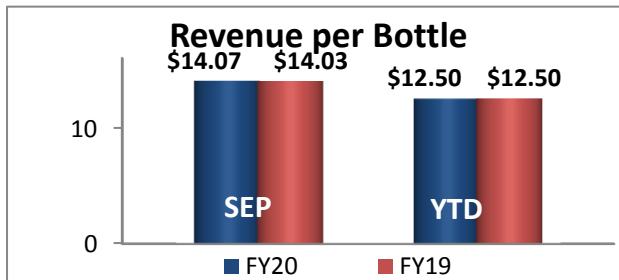
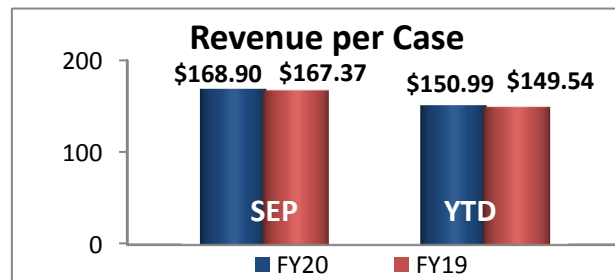
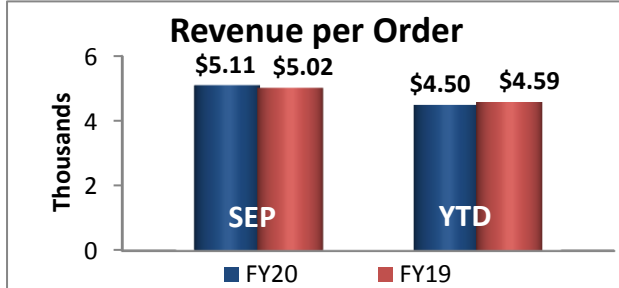
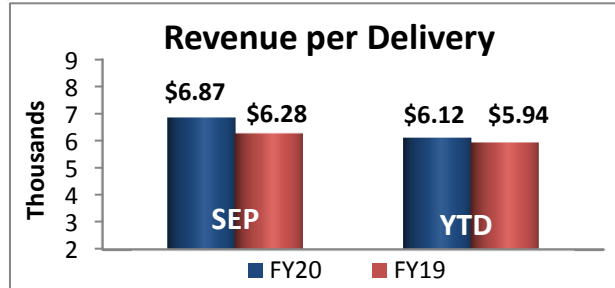
Regulation, Compliance, and Licensing statistics

Operations, Ruan Transition

Iowa Alcoholic Beverages Division

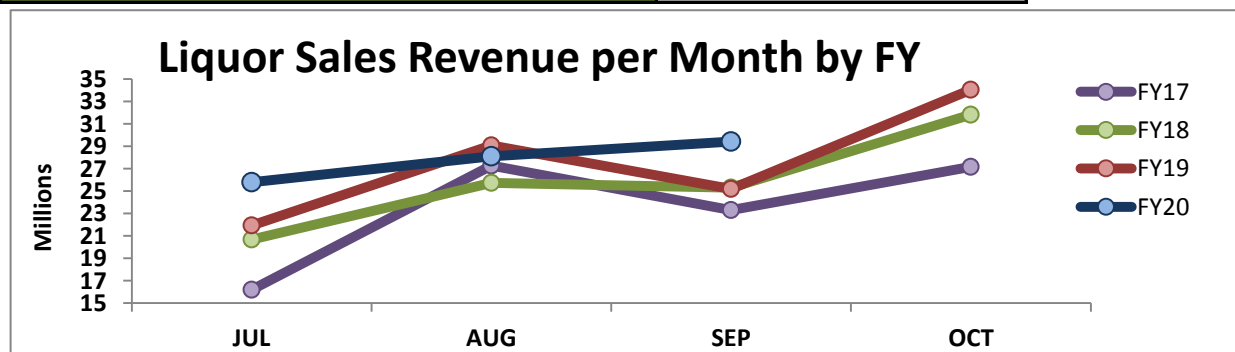
FY20 September Sales Comparison Year Over Year Cash Basis

Category	FY 2020	FY 2019	% Change
Liquor Sales	29,420,284	25,187,655	16.80%
Split Case Fee	132,155	119,356	10.72%
Bottle Dep and Sur	299,201	245,860	21.70%
Total Revenue	29,851,639	25,552,871	16.82%
Deliveries	4,344	4,070	6.73%
Orders	5,847	5,091	14.85%
Cases	176,744	152,672	15.77%
Bottles	2,122,124	1,821,233	16.52%
Picks	419,358	379,029	10.64%



FY20 July - September Sales Comparison Year to Date

Category	FY 2020	FY 2019	% Change
Liquor Sales	83,304,367	76,209,267	9.31%
Split Case Fee	374,839	356,191	5.24%
Bottle Dep and Sur	844,978	742,751	13.76%
Total Revenue	84,524,184	77,308,209	9.33%
Deliveries	13,807	13,018	6.06%
Orders	18,802	16,837	11.67%
Cases	559,800	516,988	8.28%
Bottles	6,764,117	6,182,770	9.40%
Picks	1,351,129	1,282,721	5.33%
JUL- SEP Average Sale Days Comparison		+1	

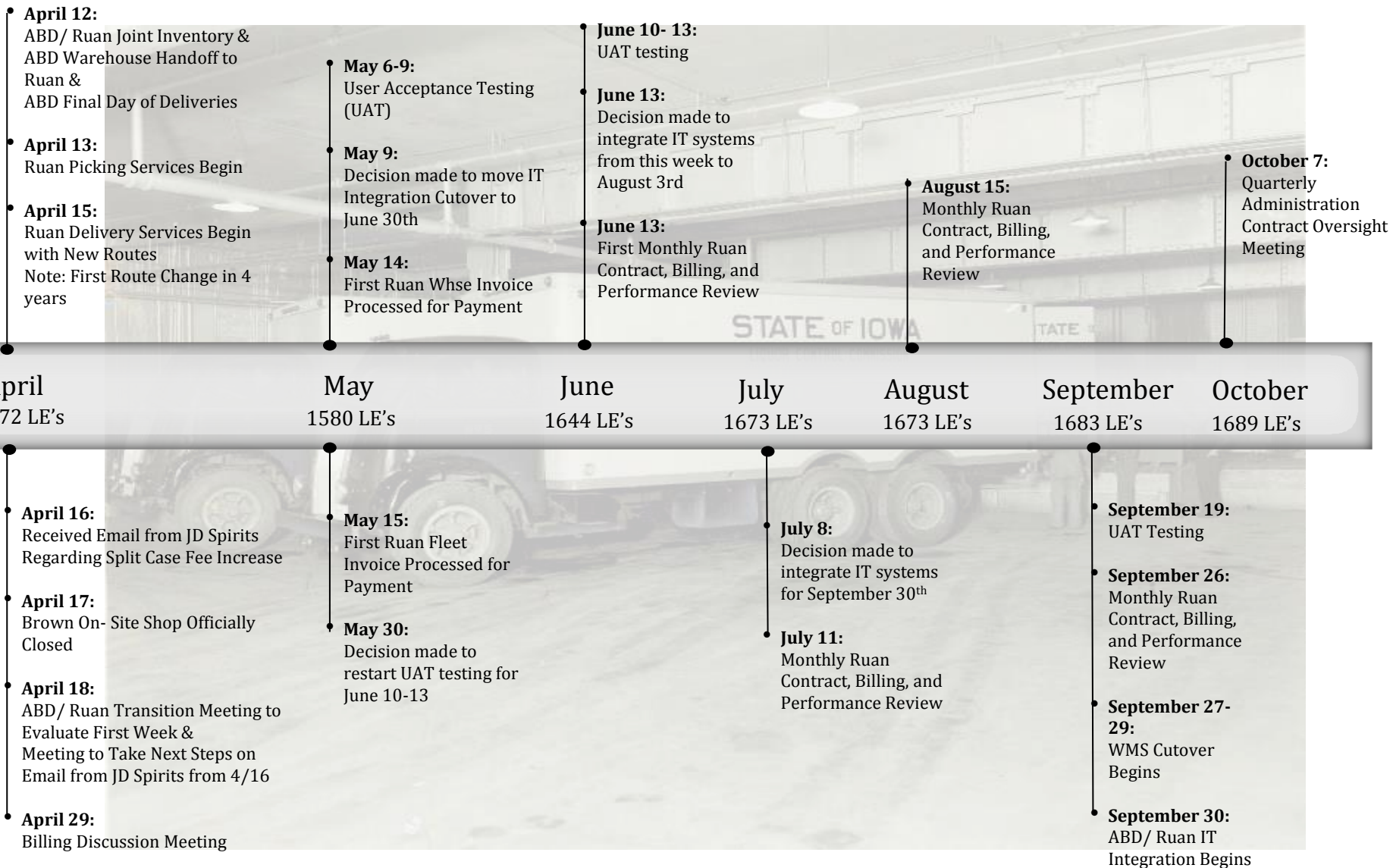


**Iowa ABD Reversion Analysis
FY2020 / FY2019**

	Liquor Sales			Split Case Revenues			Total Revenue			FY 20 vs. FY 19 %
	FY18	FY19	FY20	FY18	FY19	FY20	FY18	FY19	FY20	Change
July	\$ 20,683,446.87	\$ 21,941,950.21	\$ 25,784,785.84	\$ 104,422.50	\$ 106,697.00	\$ 118,885.50	\$ 20,787,869.37	\$ 22,048,647.21	\$ 25,903,671.34	17.48%
August	\$ 25,737,769.80	\$ 29,079,661.16	\$ 28,099,296.74	\$ 130,670.00	\$ 130,138.50	\$ 123,799.10	\$ 25,868,439.80	\$ 29,209,799.66	\$ 28,223,095.84	-3.38%
September	\$ 25,306,777.12	\$ 25,187,655.38	\$ 29,420,284.38	\$ 120,085.00	\$ 119,355.50	\$ 132,154.50	\$ 25,426,862.12	\$ 25,307,010.88	\$ 29,552,438.88	16.78%
October	\$ 31,832,046.93	\$ 34,040,646.72	\$ -	\$ 142,404.50	\$ 141,352.50	\$ -	\$ 31,974,451.43	\$ 34,181,999.22	\$ -	-100.00%
November	\$ 24,401,342.17	\$ 28,138,662.10	\$ -	\$ 121,120.00	\$ 125,948.00	\$ -	\$ 24,522,462.17	\$ 28,264,610.10	\$ -	-100.00%
December	\$ 30,720,456.69	\$ 33,450,486.60	\$ -	\$ 142,254.50	\$ 143,992.50	\$ -	\$ 30,862,711.19	\$ 33,594,479.10	\$ -	-100.00%
January	\$ 25,828,473.91	\$ 25,368,631.62	\$ -	\$ 151,250.50	\$ 135,719.95	\$ -	\$ 25,979,724.41	\$ 25,504,351.57	\$ -	-100.00%
February	\$ 22,403,643.21	\$ 22,588,926.88	\$ -	\$ 111,386.18	\$ 109,315.00	\$ -	\$ 22,515,029.39	\$ 22,698,241.88	\$ -	-100.00%
March	\$ 23,260,972.87	\$ 26,952,007.36	\$ -	\$ 115,962.00	\$ 116,787.00	\$ -	\$ 23,376,934.87	\$ 27,068,794.36	\$ -	-100.00%
April	\$ 27,087,806.47	\$ 27,928,735.23	\$ -	\$ 133,942.00	\$ 130,994.00	\$ -	\$ 27,221,748.47	\$ 28,059,729.23	\$ -	-100.00%
May	\$ 28,885,361.58	\$ 31,010,524.42	\$ -	\$ 140,727.50	\$ 127,840.00	\$ -	\$ 29,026,089.08	\$ 31,138,364.42	\$ -	-100.00%
June	\$ 28,316,439.65	\$ 28,266,697.99	\$ -	\$ 130,611.50	\$ 122,443.00	\$ -	\$ 28,447,051.15	\$ 28,389,140.99	\$ -	-100.00%
July-Aug (H/O)	\$ 5,585,275.12	\$ 5,583,056.00	\$ -	\$ 30,355.50	\$ 31,711.00	\$ -	\$ 5,615,630.62	\$ 5,614,767.00	\$ -	-100.00%
Total	\$ 320,049,812.39	\$ 339,537,641.67	\$ 83,304,366.96	\$ 1,575,191.68	\$ 1,542,293.95	\$ 374,839.10	\$ 321,625,004.07	\$ 341,079,935.62	\$ 83,679,206.06	-75.47%

	Substance Abuse			General Fund Reversion			Total Reversion			FY 20 vs. FY 19 %
	FY18	FY19	FY20	FY18	FY19	FY20	FY18	FY19	FY20	Change
July	\$ 1,455,150.86	\$ 1,543,405.30	\$ 1,813,256.99	\$ 7,300,000	\$ 8,000,000	\$ 8,000,000	\$ 8,755,150.86	\$ 9,543,405.30	\$ 9,813,256.99	9.00%
August	\$ 1,810,790.79	\$ 2,044,685.98	\$ 1,975,616.71	\$ 6,500,000	\$ 7,500,000	\$ 9,000,000	\$ 8,310,790.79	\$ 9,544,685.98	\$ 10,975,616.71	14.85%
September	\$ 1,779,880.35	\$ 1,771,490.76	\$ 2,068,670.72	\$ 8,500,000	\$ 7,500,000	\$ 7,500,000	\$ 10,279,880.35	\$ 9,271,490.76	\$ 9,568,670.72	-9.81%
October	\$ 2,238,211.60	\$ 2,392,739.95	\$ -	\$ 9,000,000	\$ 9,500,000	\$ -	\$ 11,238,211.60	\$ 11,892,739.95	\$ -	5.82%
November	\$ 1,716,572.35	\$ 1,978,522.71	\$ -	\$ 7,000,000	\$ 9,000,000	\$ -	\$ 8,716,572.35	\$ 10,978,522.71	\$ -	25.95%
December	\$ 2,160,389.78	\$ 2,351,613.54	\$ -	\$ 9,000,000	\$ 9,000,000	\$ -	\$ 11,160,389.78	\$ 11,351,613.54	\$ -	1.71%
January	\$ 1,818,580.71	\$ 1,785,304.61	\$ -	\$ 7,500,000	\$ 8,000,000	\$ -	\$ 9,318,580.71	\$ 9,785,304.61	\$ -	5.01%
February	\$ 1,576,052.06	\$ 1,588,876.93	\$ -	\$ 7,500,000	\$ 8,000,000	\$ -	\$ 9,076,052.06	\$ 9,588,876.93	\$ -	5.65%
March	\$ 1,636,385.44	\$ 1,894,815.61	\$ -	\$ 8,000,000	\$ 9,000,000	\$ -	\$ 9,636,385.44	\$ 10,894,815.61	\$ -	13.06%
April	\$ 1,905,522.39	\$ 1,964,181.05	\$ -	\$ 8,500,000	\$ 7,500,000	\$ -	\$ 10,405,522.39	\$ 9,464,181.05	\$ -	-9.05%
May	\$ 2,031,826.24	\$ 2,179,685.51	\$ -	\$ 9,500,000	\$ 9,500,000	\$ -	\$ 11,531,826.24	\$ 11,679,685.51	\$ -	1.28%
June	\$ 1,991,293.58	\$ 1,987,239.87	\$ -	\$ 7,600,000	\$ 9,500,000	\$ -	\$ 9,591,293.58	\$ 11,487,239.87	\$ -	19.77%
July-Aug (H/O)	\$ 393,094.14	\$ 393,033.69	\$ -	\$ 1,634,820		\$ -	\$ 2,027,914.14	\$ 393,033.69	\$ -	-80.62%
Total	\$ 22,513,750.29	\$ 23,875,595.49	\$ 5,857,544.42	97,534,820	102,000,000	24,500,000	\$ 120,048,570.29	\$ 125,875,595.49	\$ 30,357,544.42	4.85%

Obligation	116,100,000	119,100,000	120,000,000
Over/Under Reversion	3,948,570	6,775,595	(89,642,456)
	103.40%	105.69%	25.30%



Contract Administration and Oversight 2019



Kim Reynolds *Governor of Iowa*
Adam Gregg *Lieutenant Governor*
Stephen Larson *Administrator*

PRESS RELEASE

FOR IMMEDIATE RELEASE: October 8, 2019
CONTACT: Stephanie Strauss, (515) 229-4678

Iowa Alcoholic Beverages Division recognized nationally for public-private partnership in the distribution of spirits

(Ankeny, IA) – The Iowa Alcoholic Beverages Division announced today that it has received the Best Distribution/Warehouse Innovation Award from *StateWays* magazine. ABD received the award for partnering with Des Moines-based trucking and logistics company Ruan Transportation Management Systems for the warehousing and distribution of spirits.

“It is an honor to receive this award and national recognition for our efforts to improve the spirits fulfillment process in the state of Iowa,” said ABD Administrator Stephen Larson. “This public-private partnership is increasing service to our more than 1,600 customers and maximizing the return on investment by Iowans in our operation.”

ABD is responsible for selling and delivering over 1,100 spirits orders weekly to private retailers licensed to sell spirits to consumers for off-premises consumption. Since April 15, 2019, Ruan has been responsible for processing and delivering orders on ABD’s behalf.

“This partnership has been nothing but a win-win for ABD and for Ruan,” said Marty Wadle, Senior Vice President of Commercial Solutions at Ruan. “We’ve had a seamless integration with ABD and now we can enter the continuous improvement phase, where we’ll identify and implement further efficiencies and service improvements.”

The partnership with Ruan is the culmination of planning by ABD that began in 2012 to improve distribution operations. A Request for Proposal was issued in May 2017 and, through the competitive bid process, Ruan was chosen to assume responsibility for warehouse and distribution operations.

StateWays is a national magazine covering issues affecting alcohol regulatory agencies across the country. *StateWays*’ Best Practices Awards recognize agencies leading the industry in innovation, education and enforcement. ABD’s award announcement can be found [here](#).

About the Iowa Alcoholic Beverages Division

The Iowa Alcoholic Beverages Division serves Iowans through responsible and efficient licensing, regulation and distribution of alcohol. Visit us online at: <https://abd.iowa.gov>

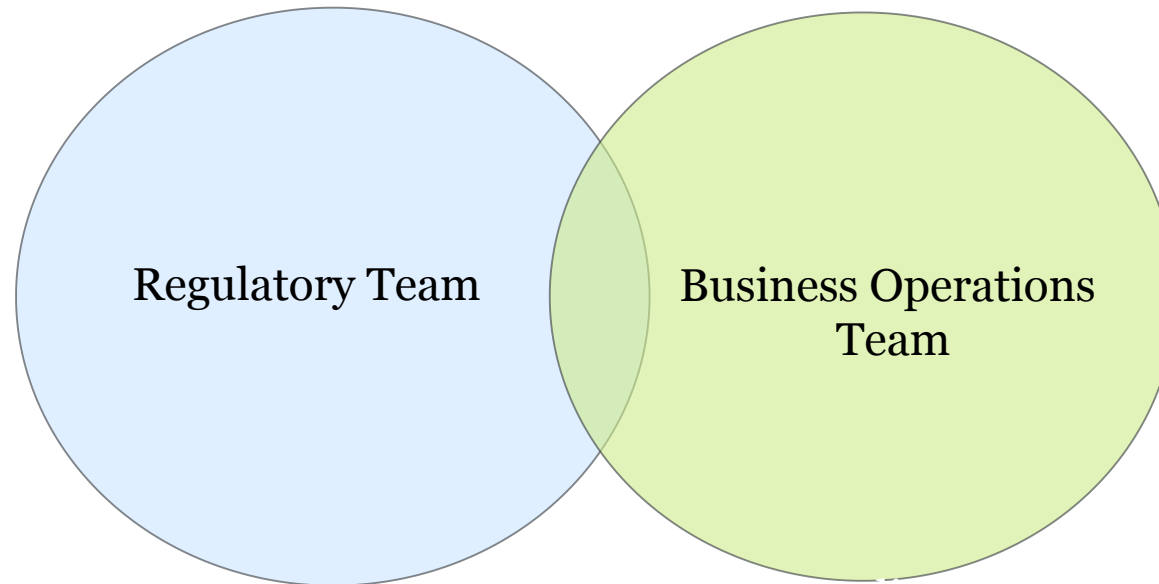
About Ruan

Founded in 1932, Ruan is a family-owned transportation management company, providing Dedicated Contract Transportation, Managed Transportation and Value-added Warehousing services. Ruan’s Integrated Solutions combine non-asset and asset-based capabilities with optimal technology. Ruan uses

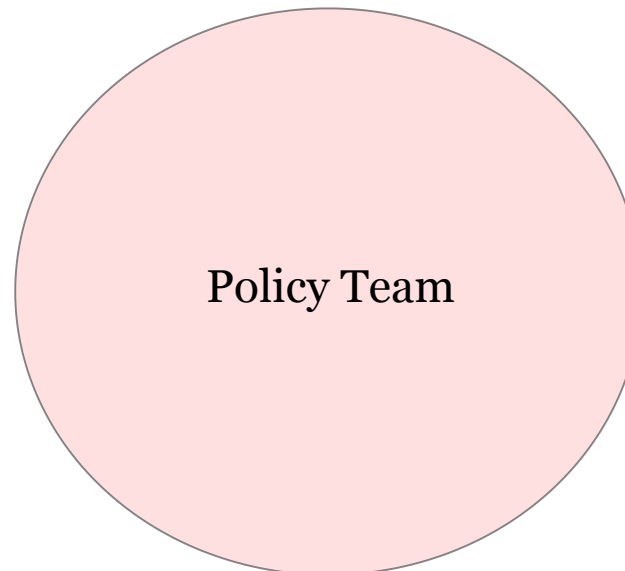
our comprehensive Megasafe Safety Program to guide training and overall field safety operations. Ruan proudly employs 6,000 team members in more than 300 operations nationwide. For more information about Ruan, visit www.ruan.com.

###

Functionality, Execution, & Analytics



Account Oversight, Policy Review & Development, Legislative & Educational Initiatives



MEMORANDUM

To: The Iowa Alcoholic Beverages Commission

From: Nicole Scebold, Products Manager

Date: June 17, 2019

Re: Listing Appeal – SLRRRP – Statement of Case

On March 18, 2019, Slurp LLC (Supplier) submitted a permanent listing request to the Iowa Alcoholic Beverages Division (ABD) for SLRRRP (Attachment A). The product is a 50mL pre-packaged gelatin shot infused with flavored vodka. The listing request was for a 20-pack tub with a wholesale price of \$16.01. On March 19, 2019, the Supplier submitted a second listing request to ABD for a 3-pack of SLRRRP with a wholesale price of \$3.08 (Attachment B).

On March 20, 2019, ABD Products Manager Nicole Scebold sent a letter to the Supplier denying the listing requests (Attachment C). The reason for denial was that the product and its packaging did not meet ABD's social responsibility guidelines as outlined in the ABD listing manual.

On April 5, 2019, the Supplier appealed the listing denials to ABD Administrator Stephen Larson (Attachment D). On May 17, 2019, the Administrator's designee, Stephanie Strauss, sent a letter to the Supplier affirming Ms. Scebold's denial of the listing requests (Attachment E).

On May 28, 2019, the Supplier appealed the Administrator's denial of the listing requests (Attachment F).

Pursuant to the ABD listing manual, this matter now comes before the Commission to determine, at its discretion, whether to hear the Supplier's appeal. If the Commission chooses to hear the appeal, it will be heard at the next scheduled Commission meeting or in a special meeting called by the Commission Chair, the Administrator, or at least three members of the Commission. If the Commission chooses not to hear the appeal, the Administrator's decision is affirmed and no further action may be taken by the Supplier.



Products




Product Quote Details

[back to quotes](#)

Quote #11494
 Quote Type: New Product
 Status: Rejected

Date submitted:	03/18/2019
* Date effective:	05/01/2019
* NABCA code:	100758
Line extension:	<input type="checkbox"/>
** Code extended:	
Submitted by:	Edward Farley
Vendor name:	Slurp LLC
* Product name:	SLRRRP
* Verbose description: <i>This should describe the product to the customers.</i>	50ml Flavored Vodka packaged in a jar/tub of 20 (1 liter item available to purchase) Vegan/Fat Free 13% alcohol by volume Packaged 20 shots per tub, 6 tubs per case
* Listing type:	Permanent
* Availability:	Unlimited
** Allocated cases:	0
* Lead Time:	7 (Business Days)
* Category:	Imported Distilled Spirits Specialty
** Class:	
* Origin:	Import
Age:	0
* Proof:	26
* Primary ship point (city):	Long Beach
* Primary ship point (state):	California
* FOB point:	Ankeny
* Bottle size:	50
** Bottle size (other):	
* Pack/case size: <i>Note: Minis are "sleeves" per case and not individual bottles</i>	6
* Bottles per primary: <i>More than 1 bottle per primary?</i>	<input checked="" type="radio"/> Yes <input type="radio"/> No
** Quantity per primary:	20
* Bottle deposit:	No
** Deposit located:	Mini-Exempt
* UPC code: <i>12 or 13 digits</i>	0796752228518
* SCC code: <i>14 digits</i>	10796752229192
* Cases per pallet:	80
* Cases per layer:	10
* Case Weight (lbs):	17.00
* Case Length (inches):	17.50
* Case Width (inches):	11.50
* Case Height (inches):	8.75
* Pallet Weight (lbs):	1360.00

* Pallet Length (inches):	40.00
* Pallet Width (inches):	40.00
* Pallet Height (inches):	76.00 (Measured from the floor)
* Bottle Length (inches):	5.25
* Bottle Width (inches):	5.25
* Bottle Height (inches):	8.00
* Wholesale Current Cost per case (\$):	64.02
Supplier FOB cost	
Calculated Wholesale cost per selling unit (\$):	10.67
Wholesale price per selling unit (\$):	16.01

Images:	<div><p>SLRRRP Retail Case</p><ul style="list-style-type: none">*Case comes with built in display*Simply Stack and Sell*2 cases or six 2pk's = 42" Height*5 1/2" x 11" footprint*Small wing display can fit anywhere<p>100758.2.jpg</p><p>100758.3.png</p></div>
Iowa Marketing (Total \$ Annually):	35,000.00
National Marketing (Total \$ Annually):	500,000.00
Iowa Samples (Total \$ Annually):	500.00
TPR/Quantity Discount Plans (Total \$ Annually):	
National Account Commitments (Total Cases Annually):	4500
Iowa Broker:	Johnson Brothers
Is this a brand new product that has never been sold or distributed?:	<input type="radio"/> Yes <input checked="" type="radio"/> No
Control:	<div><div>-AL:</div><div>-ME:</div><div>-MI:</div><div>-MT:</div></div> <div><div>-ID:</div><div>-MD:</div><div>-MS:</div><div>-NH:</div></div>

	-NC:	-OH: 1
	-OR: 1	-PA: 1
	-UT:	-VT:
	-VA:	-WV:
	-WY:	
Bordering:	-IL:	-KS: 1
	-MN: 1	-MO: 1
	-NE:	-MS:
	-WI: 1	
** 1st Year Case Goal:	1000	
** Initial Distribution:	250	
Special Order Dollar Sales:	0	
For advertising information in Iowa Spirits magazine Steve Beyer, President LeisureMedia360 847-532-4044 cell sbeyer@leisuremedia360.com		
* Status:	Rejected ▾	
Note:	<div></div>	
Visibility <i>Note visible to vendors?</i>	<input type="radio"/> Visible <input checked="" type="radio"/> Hidden	
	<div>Submit</div>	
	<div>Back</div>	

* = Required
** = Conditional

Notes

Nicole Scebold: <i>visible - 03/20/2019 11:11am</i>	Does not meet social responsibility guidelines. edit
---	---



6X

DISTILLED
VODKA
not for kids



SLRRRP

20

PACK



alcohol infused gelatin



five
flavors

Vodka with Artificial Flavor
and Certified Color added
Alc. 13% by Vol. 50% A.C.



Products

Product Quote Details

[back to quotes](#)

Quote #11500
 Quote Type: New Product
 Status: Rejected

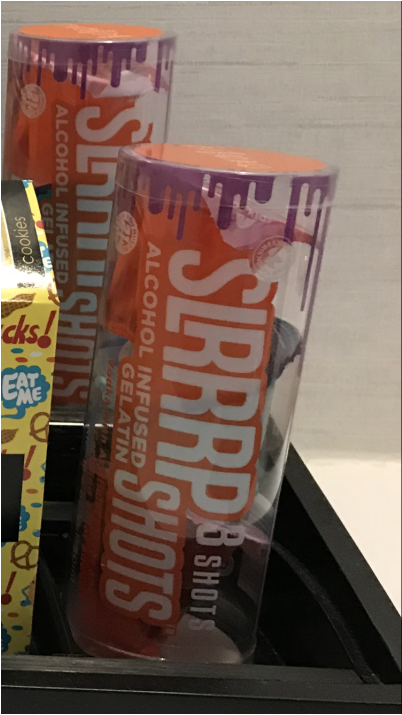
Date submitted:	03/19/2019
* Date effective:	05/01/2019
* NABCA code:	100757
Line extension:	<input type="checkbox"/>
** Code extended:	
Submitted by:	Edward Farley
Vendor name:	Slurp LLC
* Product name:	SLRRRP (3-50ml Stacked)
* Verbose description: <i>This should describe the product to the customers.</i>	Packaged 50ml flavored Vodka. 3 in a pack/tube 13% alcohol by volume Vegan/Fat F
* Listing type:	Permanent
* Availability:	Unlimited
** Allocated cases:	0
* Lead Time:	7 (Business Days)
* Category:	Imported Distilled Spirits Specialty
** Class:	Temporary & Specialty Packages
* Origin:	Import
Age:	0
* Proof:	26
* Primary ship point (city):	Long Beach
* Primary ship point (state):	California
* FOB point:	Ankeny
* Bottle size:	50
** Bottle size (other):	
* Pack/case size: <i>Note: Minis are "sleeves" per case and not individual bottles</i>	40
* Bottles per primary: <i>More than 1 bottle per primary?</i>	<input checked="" type="radio"/> Yes <input type="radio"/> No
** Quantity per primary:	3
* Bottle deposit:	No
** Deposit located:	Mini-Exempt
* UPC code: <i>12 or 13 digits</i>	860046001429
* SCC code: <i>14 digits</i>	10860046001426
* Cases per pallet:	90
* Cases per layer:	10
* Case Weight (lbs):	16.40
* Case Length (inches):	19.25
* Case Width (inches):	12.35
* Case Height (inches):	7.00
* Pallet Weight (lbs):	1476.00

* Pallet Length (inches):	48.00
* Pallet Width (inches):	40.00
* Pallet Height (inches):	68.00 (Measured from the floor)
* Bottle Length (inches):	6.00
* Bottle Width (inches):	2.25
* Bottle Height (inches):	6.00
* Wholesale Current Cost per case (\$):	82.00
Supplier FOB cost	
Calculated Wholesale cost per selling unit (\$):	2.05
Wholesale price per selling unit (\$):	3.08

Images:



100757.1.jpg



100757.2.png

Iowa Marketing (Total \$ Annually):	35,000.00
National Marketing (Total \$ Annually):	250,000.00
Iowa Samples (Total \$ Annually):	500.00
TPR/Quantity Discount Plans (Total \$ Annually):	
National Account Commitments (Total Cases Annually):	
Iowa Broker:	Johnson Brothers
Is this a brand new product that has never been sold or distributed?:	<input checked="" type="radio"/> Yes <input type="radio"/> No

** 1st Year Case Goal:	1000
** Initial Distribution:	250
Special Order Dollar Sales:	0
For advertising information in Iowa Spirits magazine Steve Beyer, President LeisureMedia360 847-532-4044 cell sbeyer@leisuremedia360.com	
* Status:	Rejected ▾
Note:	<div></div>
Visibility <i>Note visible to vendors?</i>	<input type="radio"/> Visible <input checked="" type="radio"/> Hidden
	Submit
	Back

* = Required

** = Conditional

Notes

Nicole Scebold: <i>visible - 03/20/2019 11:10am</i>	Does not meet social responsibility guidelines. edit
---	---





ALCOHOLIC
BEVERAGES
DIVISION
State of Iowa

Attachment C

Kim Reynolds *Governor of Iowa*
Adam Gregg *Lieutenant Governor*
Stephen Larson *Administrator*

March 20, 2019

Edward Farley
Slurp LLC
Via Email

Dear Mr. Farley,

On behalf of the Iowa Alcoholic Beverages Division, I regret to inform you that the following products will not be listed in Iowa at this time.

CODE	DESCRIPTION	SIZE
100757	Slrrrp (3-50ml Stacked)	0.150
100758	Slrrrp (20-50ml Tub)	1.000

If you have any further questions on the products above, please contact me at Scebold@IowaABD.com.

Sincerely,

Nicole Scebold
Products Manager
Scebold@IowaABD.com

CC: Scott Oeltjenbruns
Stephen Larson, Administrator, ABD
Herb Sutton, Manager-Business Operations, ABD
Jodi Christensen, Product Management, ABD



Scebold, Nicole <scebold@iowaabd.com>

SLRRRP Follow Up

Larson, Steve <larson@iowaabd.com>

Sat, Apr 6, 2019 at 7:42 AM

To: "Ackerson, Tyler [ABD]" <ackerson@iowaabd.com>, "Bertram, Leisa [ABD]" <bertram@iowaabd.com>, "Carpenter, Erin" <verduyn@iowaabd.com>, Herb Sutton <sutton@iowaabd.com>, Jodi Christensen <christensen@iowaabd.com>, Joshua Happe <happe@iowaabd.com>, "Nicole [ABD] Hartman" <scebold@iowaabd.com>, "Strauss, Stephanie" <strauss@iowaabd.com>

See below

Stephanie will lead this next stage

----- Forwarded message -----

From: **Stephen Houck** <shouck@slrrrp.com>

Date: Fri, Apr 5, 2019 at 4:30 PM

Subject: Fwd: SLRRRP Follow Up

To: <Larson@iowaabd.com>

Hello Mr. Larson,

We would like to Appeal the ABD decision not to allow Distribution of SLRRRP in Iowa.

I have had some time to review the document. In reviewing the document, I have not found any line discussing "Packaging" nor anything stating an issues with "Alcohol Infused Gelatin."

With Half of our team coming from working in the beer industry we are very well versed in the DISCUS code and we have followed its guide lined with relation to building our brand and advertising campaign.

I have attached a letter that addresses the specific issues that may be in question. If you would like any further documentation please let me know and we will be happy to provide it to you.

Thank you for your time and consideration

Thanks in Advance,

--

Stephen Houck

Chief Executive Officer | SLRRRP

303.886.8525

www.slrrrp.com



--

Stephen Larson | Administrator

Iowa Alcoholic Beverages Division • 1918 SE Hulsizer Road • Ankeny • Iowa • 50021

[p] 515.281.7402 • [f] 515.281.7375 • [e] larson@iowaabd.com



To Whom it may Concern,

I would like to Introduce myself, my name is Stephen Taft Houck Jr. I am the CEO of SLRRRP alcohol infused gelatin shots. I am a father to 3 beautiful little girls; Kalayah (8), Taft (5), & Jaelah (2), I am a Columbine survivor and founder of a survivor's charity (the Rebels Project). I have grown up in the alcohol industry (my mother worked at Coors Brewery for 33 years) and I have spent my professional career in the business (20+ years). I am a business professional. I am part of my community and I understand the issues and concerns around alcohol.

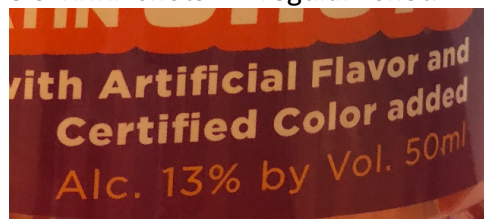
I am an entrepreneur, I left my job to come and work with my partners to start a brand that is first and foremost responsible. We have spent two and half years in the development and sells of SLRRRP. Coming from an alcohol background one of the largest considerations we took was how will we be viewed by the public and who is our demographic?

We are a fun brand, my partners and I left very corporate jobs to take a risk starting our own company. One of the other key driving factors in SLRRRP is Fun. With responsibility being or key factor in the business we also decided that we wanted to have fun while doing this. We love or packaging and colors. We have tested it across all our demographics. With 82% of our potential business (according to IBIS Data research) are between the ages of 25-64. This is who we have geared our marketing toward.

As a gelatin Shot company we did our research on previous companies that have come and gone in this foot print. We take underage drinking very seriously as an organization. TTB has very strict requirements for its packaging but we felt that it was very important that we not just meet their expectations but exceed them. We created 21+ badging for all of our SLRRRP Jars as well as the "SLRRRP Responsibly," Icon. We have even included the "Not for Kids," phrase on the jar as well as the tap on the shot cup. I believe that it is also important to point out that we are only 13% ABV per 50ML shot. Most shots are 35-45% alcohol, making us approx. 1/3 the alcohol per shot.

Responsibility attributes of SLRRRP:

- 13% ABV per 50ML serving – most shots this size (Vodka, Whisky, Rum, or Tequila) are 35-40% ABV – this makes us 1/3 of the alcohol of the standard "shot." – Front Label
 - 3 SLRRRP shots = 1 regular "shot."





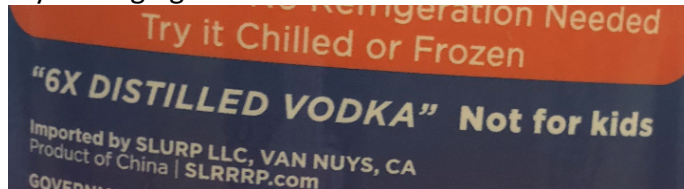
- “SLRRRP Responsibly” all of our Jars and display boxes feature the tagline SLRRRP responsibly. – Back label



-
- “You Must Be 21+ to SLRRRP” – Front Label



-
- Secondary Packaging – “Not for Kids”



-
- Primary Packaging – “Not for Kids”

- All individual shots are sealed – we believe that this is a HUGE benefit to the public knowing that the alcohol has not been tampered with (No foreign materials in the cups).





- All SLRRRP Jars are sealed.
 - This helps to reduce theft on an individual basis.



-
- Social Media and marketing:
 - Our Marketing Campaign features “Blanche,” a 70 something year old who enjoys having a good time responsibly.
 - Social media (Instagram & Facebook) we feature hashtags of #SLRRRPRESPONSIBLY and #21TOSLRRRP on all of our posts (please feel free to review: Instagram @slrrrp, facebook.com/slrrrp)
 - All of the people in our posts are 25 or older
 - Our web page has age verification to enter
- Our Team and Professional Back Ground:

 <p>Steve Houck Chief Executive Officer</p> <ul style="list-style-type: none"> • Top sales performer at Coors Distributing • International expansion for Oskar Blues • Expanded Stone Brewery distribution to over 30 countries 	 <p>Matt Vernon Chief Operating Officer</p> <ul style="list-style-type: none"> • Led US retail sales as VP of Coca-Cola • Relationships with 19 national customers • Responsible for 49mm annual case sales 	 <p>Ed Farley Co-Founder / Partner</p> <ul style="list-style-type: none"> • Financial / investment strategy • Development of food and beverage distribution firms • Founder of Ball, a new health drink 
 <p>Trent Killian Chief Marketing Officer</p> <ul style="list-style-type: none"> • 15 years of strategic marketing leadership • Led initiatives for MillerCoors, Bud Light, and Partida Tequila • Multiple award-winning campaigns 	 <p>Kelly Pickering Chief Creative Officer</p> <ul style="list-style-type: none"> • Strategic and innovative design leader • Creative lead for Coors and Miller • Experience with Coke, Oreo, & Oakley 	 <p>Jenna Reddick Business Development Director</p> <ul style="list-style-type: none"> • Wynn Hotel & Resorts veteran • Strong industry relationships in Las Vegas through event and on-premise experience 

SLRRRP ALCOHOL INFUSED INNOVATIONS **THE TEAM** © SLRRRP 2017 | CONFIDENTIAL | SLRRRP.COM





We appreciate that this industry is very heavily regulated and for good reason. We have been fortunate enough to be partnered with an amazing distribution network in the Midwest with the Johnson Brothers team. We know that they take this issue very seriously as well.

We also believe that the precautions taken by on and off premise retailers to ID and monitor that the law is being up held is extremely important as well.

Please let us know what else we can do to help go above and beyond to help the State Alcohol board know that this product is for people of legal drink age.

We would love to schedule a meeting and introduce the product and marketing deck to you in person and answer any and all questions or concerns.

Thank you for your time and consideration,

A handwritten signature in black ink that reads 'Stephen Houck'. The signature is written in a cursive style and is positioned above a horizontal line.

Stephen Houck
Chief Executive Officer
303-886-8525





Attachment E

Kim Reynolds *Governor of Iowa*
Adam Gregg *Lieutenant Governor*
Stephen Larson *Administrator*

May 17, 2019

Stephen Houck
Chief Executive Officer/SLRRP
Via Email

Mr. Houck:

This letter is in response to your request to the Administrator for further review of the Iowa Alcoholic Beverages Division's (ABD) decision on March 20, 2019 to deny your request for permanent listing for the following products:

CODE	DESCRIPTION	SIZE
100757	Slrrrp (3-50ml Stacked)	0.150
100758	Slrrrp (20-50ml Tub)	1.000

On April 6, 2019, the Administrator granted your request for review. After reviewing all of the information provided, it is deemed this product does not meet the social responsibility guidelines ABD follows, specifically due to the packaging and product itself (alcohol infused gelatin). Therefore, the March 20, 2019 denial is affirmed.

The Administrator's decision may be appealed to the Alcoholic Beverages Commission. Your request for appeal to the Commission must be received in writing within 30 days of receiving this letter. The Commission has the discretion to grant or deny requests for appeal.

If you have any further questions on the products above, please contact me at Strauss@IowaABD.com.

Sincerely,

A handwritten signature in black ink that reads "Stephanie Strauss".

Stephanie Strauss
Administrator's Designee

CC: Scott Oeltjenbruns
Stephen Larson, Administrator, ABD
Herb Sutton, Manager-Business Operations, ABD
Jodi Christensen, Product Management, ABD
Nicole Scebold, Products Manager, ABD



Scebold, Nicole <scebold@iowaabd.com>

Fwd: SLRRRP - Appeal Decision

Strauss, Stephanie <strauss@iowaabd.com>

Tue, May 28, 2019 at 4:22 PM

To: "Larson, Steve" <larson@iowaabd.com>, "Ackerson, Tyler [ABD]" <ackerson@iowaabd.com>, Erin Carpenter <verduyn@iowaabd.com>, "Scebold, Nicole" <scebold@iowaabd.com>

And we have another appeal...

stephanie strauss | government relations

Iowa Alcoholic Beverages Division • 1918 SE Hulsizer Road • Ankeny • Iowa • 50021

[p] 515.281.7432 • [f] 515.281.7375 • [e] strauss@iowaabd.com • <https://abd.iowa.gov>

Please be advised that any opinions expressed in this email are informal and are only applicable to the factual situation referenced and to the statutes/rules/regulations in existence at the time of issuance. The information provided is meant only as guidance and should not be considered legal advice or a substitute for legal counsel. The Division could take a contrary position in the future to that stated in this email. Any oral or written opinion by Division personnel not pursuant to a Petition for Declaratory Order under 185 IAC Chapter 3 is not binding upon the Division. In any contested case that may arise alleging a violation, the burden of demonstrating compliance with the law rests on the license or permit holder, pursuant to 185--16.106.

----- Forwarded message -----

From: **Stephen Houck** <shouck@slrrrp.com>

Date: Tue, May 28, 2019 at 4:21 PM

Subject: Re: SLRRRP - Appeal Decision

To: Strauss, Stephanie <strauss@iowaabd.com>Cc: Edward Farley <efarley@slrrrp.com>, Matt Vernon <mvernon@slrrrp.com>

Hello Stephanie,

Thanks for the reply, We would like to officially appeal the decision. Please let me know if you need anything for formal than this email or if there is another form we need to fill out or anyone else we need to include in this appeal process.

Thanks in advance,

[Quoted text hidden]

--

Stephen Houck

Chief Executive Officer | SLRRRP

303.886.8525

www.slrrrp.com