

IOWA ALCOHOLIC BEVERAGES COMMISSION

MINUTES

Iowa Alcoholic Beverages Division
1918 SE Hulsizer Rd.
Ankeny, IA 50021
Boardroom
January 26, 2012 1:00 PM

Commission Members Present:

Greg Nashleanas: Chairperson
Jim Clayton: Vice-Chair
Claire Celsi: Board Secretary
Rick Hunsaker: Member
Mary Hunter: Member

Guests Present:

Jessica Dunker: Iowa Restaurant Association
John Broadbent: Broadbent Distillery
Kelly Bender: University of Iowa
Scott Oeltjenbrum: Johnson Brothers
Mike St. Clair: Property Casualty Insurers Association

ABD Staff Present:

Stephen Larson: Administrator
Rick Swizdor: Chief Deputy Administrator
John Lundquist: Assistant Attorney General
Doug Webb: Deputy Director of Administration
Karen Freund: Deputy Administrator of Regulation
Shannon Pogones: Education Outreach Coordinator
Stephanie Strauss: Executive Officer
Deb Bassett: Executive Assistant
Heather Schaffer: Compliance Officer
Erin Fitzgerald: Administrative Assistant
Tina Norris: Deputy Administrator of Spirits

CALL TO ORDER

Chairperson Greg Nashleanas called the meeting to order at 1:00 PM and a quorum was present.

APPROVAL OF AGENDA

MOTION: A motion was made by Commissioner Clayton and a second by Commissioner Celsi to approve the agenda for the January 26, 2012 Commission meeting.

Motion approved unanimously.

APPROVAL OF MINUTES

MOTION: A motion was made by Commissioner Clayton and a second by Commissioner Hunsaker to approve the minutes from the October 19 & 20, 2012 Commission meeting.

Motions approved unanimously.

ADMINISTRATOR REPORT

Administrator Larson provided an overview of departmental activities since the last Commission board meeting. Administrator Larson reviewed the progress of the Division's strategic plan, licensing highlights, partnerships acquired, and DRAM insurance. Other areas of overview included space utilization, including vertical racking for the warehouse and the core functions of the Divisions.

The report was accepted without comment.

Accounting and Finance

Chief Deputy Administrator Rick Swizdor presented information on the division fiscal year 2011 and 2012 first quarter numbers. Information was presented which disclosed the following: An increase in licensing is due to the convenience store legislation that was passed and became effective July 1st, 2011. An additional 230 deliveries were made to convenience stores throughout the state. Split cases and bailment are up due to an increased fee from last year. Convenience store competition with more established stores and sales by size were also discussed.

Commissioner Mary Hunter requested more information regarding the transfers into the General Fund. Commissioner Rick Hunsaker asked if convenience stores were buying products due to the product itself or for the higher proof of spirits. Chief Deputy Administrator Rick Swizdor is conducting an individualized study.

Products Management

Deputy Director Doug Webb discussed newly listed products and delisted products for fiscal year 2011 and first quarter of fiscal year 2012. 45 new items were presented to ABD with 37 being accepted. Deputy Director Doug Webb also discussed Pocket Shots and the impact they are having. Iowa Alcoholic Beverage Division has not been solicited to list this product. A discussion involving Iowa ABD staff and Commission members followed regarding social responsibility, advertising, and how to respond to questions regarding Pocket Shots. Commissioner Nashleanas commented that he is getting bombarded with questions and Iowa ABD needs to be responsible in all products listed.

Regulation and Licensing

Deputy Administrator of Regulation Karen Freund gave an update on regulatory matters, including the hearing and appeals process, and matters related to tobacco compliance. Deputy Administrator of

Regulation Karen Fruend also discussed education programs for licensees to use to prepare themselves for compliance checks, which are scheduled to being in February. Commissioner Nashleanas asked for an example to settle, which John Lundquist described the different options Class E licensees have before they go to trial. 69 hearings were scheduled and 16 actually went to a hearing.

Rebates, discount and waivers were also discussed. Compliance Officer Heather Schaffer and Administrator Larson provided some history about these items and a discussion between ABD and the Commission members followed regarding social responsibility, lawfulness, and if this is an emerging trend that would require future attention.

Education

Education Outreach Coordinator Shannon Pogones gave an update on IPACT. Development of IPACT started in November and has the anticipated roll out date of February 29, 2012. Education Outreach Coordinator Shannon Pogones also gave an overview about the events ABD has spoken at over the last three months and the different partnerships and memberships we have acquired during that time. Administrator Larson also informed the Commissioners of other projects ABD is working on.

Legislation

Executive Officer Stephanie Strauss gave an overview of the legislative session and the current bills that are under consideration. A discussion between the Commission members and ABD took place regarding the issue of infusion. Currently there is no bill but believe that there will be. Commissioner Celsi asked if this would allow retailers to resell the alcohol. John Lundquist responded that they needed to see the language for the bill before answering. Commissioner Celsi responded that she wanted to make sure this was safe for the general public.

Iowa micro distilleries were also discussed. In reference to 123.46 the micro distilleries would like to charge for sampling, be able to sell their product at famers markets, and have a licensed caterer sell alcohol on their premise. Commissioner Nashleanas commented that this has to deal with the three tier system.

PUBLIC COMMENT

Kelly Bender of the University of Iowa spoke about the process and status of the alcohol prevention efforts in Iowa City. She said that the compliance checks are happening regularly and more Class Es are starting to pay attention to them.

Mike St.Clair of Property Casualty Insurance Association spoke about DRAM insurance and how everyone interprets this differently. He would like to continue to work with everyone for a cohesive understanding of the aggregate DRAM issue.

Other Business

Forums and meeting locations were discussed for future meetings. Commissioner Nashaleanas requested that ABD provide a list of topics that the Commission could vote on for future forums. Commissioner Celsi would like some more feedback from students attending the University of Iowa on education of

spirits. Future DRAM meetings were also discussed. There needs to be future meetings to discuss DRAM and the clarification of what it is.

ADJOURNMENT

MOTION: A motion was made by Commission Hunter and a second by Commissioner Clayton that the commission meeting be adjourned.

Motion approved unanimously.

The meeting adjourned at 3:45 PM.