

# IOWA ALCOHOLIC BEVERAGES COMMISSION

## MINUTES

Boardroom  
Iowa Alcoholic Beverages Division  
January 12, 2016 – 1:00 p.m.  
Dial In Number: 1.866.685.1580  
Conference Code Number: 0009991572

### Commission Members Present:

Jay Wilson: Vice Chair  
Gary Nystrom: Secretary  
Rachel Eubank: Member  
Rick Hunsaker: Member

### Commission Members Absent:

Tami Doll: Chair

### ABD Staff Present:

Stephen Larson: Administrator  
John Lundquist: Assistant Attorney General  
Stephanie Strauss: Executive Officer  
Heather Schaffer: Compliance Officer  
Nicole Scebold: Products Manager  
Karen Freund: Deputy Administrator of Regulation  
Robert Bailey: Public Information Officer  
Erin Bothwell: Education and Outreach Program Planner  
Tim Iversen: Chief Operating Officer  
Anita Volk: Program Manager  
Todd Halbur: Comptroller  
Leisa Bertram: Accounting  
Tyler Ackerson: Assistant to the Administrator  
Shannon Pogones: Education and Outreach Program Planner  
Pam Koehn-Miller: Secretary  
Jodi Christensen: Safety and Security Coordinator

### Guests Present:

John D'Attoma: Glazer's  
Sam Crowder: Southern Wine and Spirits  
Tim Byrne: Diageo  
Nathan Cooper: Iowa Wholesale Beer Distributors Association

Nicole Eilers: Iowa Wine Growers Association  
Jessica Dunker: Iowa Restaurant Association

**Guests Present on Conference Call:**

Jeremy Thompson: Sazerac

**CALL TO ORDER**

Vice Chair Jay Wilson called the meeting to order at 1:00 p.m. and roll was taken. There was a quorum.

**APPROVAL OF AGENDA**

**MOTION: A motion was made by Commissioner Hunsaker and seconded by Commissioner Nystrom to approve the agenda for the January 12, 2016, Commission meeting.**

**Motion approved.**

**APPROVAL OF MINUTES**

**MOTION: A motion was made by Commissioner Nystrom and seconded by Commissioner Hunsaker to approve the minutes for the October 20, 2015, in-person and November 17, 2015, telephonic Commission meetings.**

**Motion approved.**

Vice Chair Wilson recognized Administrator Stephen Larson for the Administrator's Report.

**ADMINISTRATOR'S REPORT**

Administrator Larson recognized Chief Operating Officer Tim Iversen for an introduction.

Mr. Iversen introduced Pam Koehn-Miller, who joined ABD December 18, 2015, and will be serving as secretary to the Chief Operating Officer and other members of ABD's management team. Administrator Larson added that Ms. Koehn-Miller will be assisting Tyler Ackerson in providing support to the Commission as well.

Administrator Larson briefed the Commission on meetings ABD Executive Officer Stephanie Strauss, ABD Public Information Officer Robert Bailey, and he had been having with legislators and media outlets to discuss alcohol policy and whether Iowa's alcohol laws are still relevant today. They also held meetings with industry members, policymakers, and other stakeholders to determine whether Iowa's alcohol rules and regulations are still relevant as well. Administrator Larson reiterated that he was not advocating for changes to Iowa Code chapter 123, but that the marketplace is evolving, with consumers having increased demands for products and convenience, and that Iowa's alcohol laws need to balance meeting those demands with ensuring safe and healthy communities. Administrator Larson added that the Commission has a unique opportunity in 2016 to bring different groups together and hold discussions on whether Iowa's alcohol laws are working, and then present a report to the governor and legislature.

Administrator Larson predicted that the 2016 legislative session would be active. He informed the Commission that ABD's three pieces of legislation were still in the process of being drafted, and that once the final drafts were ready they would be shared with industry members and other stakeholders. Administrator Larson

encouraged the Commission to reach out to Ms. Strauss should they have any questions regarding specific legislation or legislative session in general.

Administrator Larson then recognized Mr. Iversen for a financial management update.

Mr. Iversen provided updated financials through mid-fiscal year 2016. Liquor sales increased 5.38 percent year over year, and other revenues were up 9.08 percent for the same time period. Reversion to the General Fund increased 13.56 percent. Mr. Iversen cautioned that the increase in reversion could diminish as ABD enters the heavier part of the fiscal year for cash expenditures. Operating expenses decreased 1.03 percent. Mr. Iversen noted that ABD has implemented the previous four phases of its Master Plan under budget, and as a result Phase V has been funded with the unused money left over from the previous phases. Order volume increased 12.49 percent over fiscal year 2015, which Mr. Iversen attributed to the Customer Web Portal, which allows for a \$600 minimum order versus the 10-case minimum that is required of a phone, fax, or email order. Finally, Mr. Iversen reported that cost per order had decreased 8.6 percent from fiscal year 2015.

Mr. Iversen then recognized Program Manager Anita Volk for a technology update.

Ms. Volk provided updated figures regarding the Customer Web Portal, the Vendor Portal, and EDI. She noted that one year ago the Customer Web Portal went live, and that currently over 85 percent of orders are being placed via the Customer Web Portal. As of January 11, 2016, 42 class "E" licensees remained who were not ordering electronically. Out of a total of 1,319 class "E" licensees, 1,072 were actively ordering via the Customer Web Portal. Ms. Volk reported that ABD is currently in the development stage of adding the purchase order process to the Vendor Portal in order to eliminate manual processing. Ms. Volk reported that 275 class "E" licensees are ordering via EDI.

Ms. Volk informed the Commission that the phase gate development review had been completed for the Single Platform project, with project execution beginning in February 2016. She also informed the Commission that the RFPs for the voice pick and delivery systems had been awarded. The delivery system project, which will provide tablets for ABD drivers to process invoices at the time of product delivery, kicked off in December 2015.

Ms. Volk reported that ABD had reviewed options for a new eLicensing and regulation system and were leaning towards a system called BasicGov, a Google-based platform. The system is software based, meaning all hosting is within the cloud, and will work in conjunction with OCIO's systems.

Finally, Ms. Volk reported that ABD's website is in the process of being revamped and refreshed. The new website will be hosted in a new location free of charge, eliminating the current monthly service fees. The new website will be more user-friendly, allowing ABD staff to update the site as needed. Ms. Volk stated the current projected go-live date for the new website will be February 2016.

Administrator Larson added that there had been two events which impacted ABD's ability to provide electronic services: A windstorm in California that took the Customer Web Portal offline, and the cutting of a cable line by a construction crew in Johnston, resulting in a loss of Internet and telephone services at ABD. He noted that while both of these incidents created challenges, they also provided a valuable opportunity to test and revise succession planning. Further discussion took place between Commissioners and ABD staff regarding current succession plans under different scenarios.

Administrator Larson then informed attendees that Commissioners Doll and Wilson had tasked ABD with refreshing administrative rules regarding advertising, sponsorships, and special events. Commissioner Wilson

added that he felt it was important as a Commission to continue to review administrative rules pertaining to trade practices to ensure the rules are updated to be relevant in the modern marketplace.

Administrator Larson then recognized Ms. Strauss for an administrative rules update.

Ms. Strauss presented the Commission with amended administrative rules regarding growlers. The rules were written to implement legislation that was signed into law in 2015 allowing class "C" beer permit holders to fill, seal, and sell growlers for off-premises consumption. The rules were published in the Administrative Rules Bulletin on November 25, 2015. No comments or questions were received during the official comment period. ABD amended the published rules to further clarify that product in an original container must be legally obtained.

**MOTION: A motion was made by Commissioner Hunsaker and seconded by Commissioner Eubank to adopt the rules published under Notice of Intended Action ARC 2255C, as amended.**

**A roll call vote was taken with the following results:**

**Commissioner Wilson: Aye**

**Commissioner Nystrom: Aye**

**Commissioner Eubank: Aye**

**Commissioner Hunsaker: Aye**

**The motion passed and the rules, as amended, were adopted.**

With the adoption of the rules, Ms. Strauss noted that they would be filed on January 15, 2016, with an expected effective date of March 9, 2016.

Administrator Larson then recognized Assistant Attorney General John Lundquist for his Attorney General's report.

Mr. Lundquist had no specific items to report. He welcomed any questions the Commission may have, of which there were none.

In closing, Administrator Larson noted that Johnson Stephens Consulting would be releasing the final report on its distribution study conducted over the past 14 months sometime in spring 2016. Administrator Larson indicated that additional tasks could be assigned to Johnson Stephens for study.

### **OLD BUSINESS**

None

### **NEW BUSINESS**

None

**NEXT MEETING DATE**

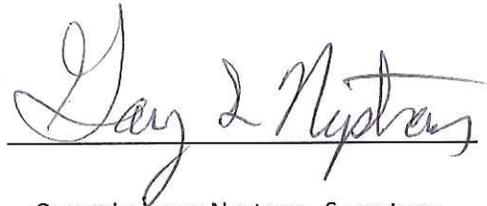
Tuesday, April 19, 2016, at 1:00 p.m.

**ADJOURNMENT**

**MOTION:** A motion was made by Commissioner Nystrom and seconded by Commissioner Eubank to adjourn the meeting.

**Motion approved.**

The meeting adjourned at 1:48 p.m.

A handwritten signature in cursive script that reads "Jay L. Nystrom". The signature is written in black ink and is positioned above a horizontal line.

Commissioner Nystrom, Secretary