

IOWA ALCOHOLIC BEVERAGES COMMISSION

MINUTES

Boardroom

Iowa Alcoholic Beverages Division

April 19, 2016 – 1:00 p.m.

Dial In Number: 1.866.685.1580

Conference Code Number: 0009991572

Commission Members Present

Tami Doll: Chair

Jay Wilson: Vice Chair

Gary Nystrom: Secretary

Rachel Eubank: Member

Rick Hunsaker: Member

ABD Staff Present

Stephen Larson: Administrator

Tyler Ackerson: Assistant to the Administrator

Robert Bailey: Public Information Officer

Leisa Bertram: Accountant 2

Erin Bothwell: Education and Outreach Program Planner

Jodi Christensen: Safety and Security Coordinator

Jessica Ekman: Tobacco Program Planner

Karen Freund: Deputy Administrator of Regulatory Affairs

Todd Halbur: Comptroller

Tim Iversen: Chief Operations Officer

Pam Koehn-Miller: Secretary

John Lundquist: Assistant Attorney General

Nathan Oakley: Accounting Tech 2

Nicole Scebold: Products Manager

Heather Schaffer: Compliance Officer 2

Stephanie Strauss: Executive Officer

Anita Volk: Program Manager

Guests Present

Jessica Dunker: Iowa Restaurant Association

Nathan Cooper: Iowa Wholesale Beer Distributors Association

Denny Mayher: Southern Wine and Spirits

Guests Present via Phone

Garrett Burchett: Mississippi River Distilling Co.

Jeremy Thompson: Sazerac

J. Wilson: Iowa Brewers Guild

CALL TO ORDER

Chairperson Tami Doll 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 Nystrom and seconded by Commissioner Wilson to approve the agenda for the April 19, 2016, Commission meeting.

Motion approved.

APPROVAL OF MINUTES

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

Motion approved.

Chairperson Tami Doll recognized Administrator Stephen Larson for the Administrator's Report.

ADMINISTRATOR'S REPORT

Administrator Larson recognized Chief Operations Officer Tim Iversen who recognized Comptroller Todd Halbur for a financial management report.

Mr. Halbur presented a financial overview through third-quarter fiscal year 2016. Year-to-date liquor sales increased 4.07 percent. Split Case and Bottle Deposit Revenues reflected a higher number of units and were up 4.27 percent and 8.82 percent respectively over the same time last year. Reversion to the General Fund increased 5.18 percent over last year. Adjusted gross profit, taking out all non-reoccurring one-time expense for Phase 4, was 1 percent less than last year at this time. Net profit, year over year, increased 5.62 percent. Freight expense decreased 5.09 percent, mostly due to new trucks the year before, reduced equipment rental and outside repairs, and diesel/gas prices being down. Warehouse expense increased 6.18 percent due to supplies and personnel cost increases. Mr. Halbur noted that order volume increased 13 percent over fiscal year 2015, which he attributed to the Customer Web Portal and \$600 order minimum. Finally, Mr. Halbur reported that cost per order had decreased 12.27 percent from this time a year ago.

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

Ms. Volk provided updated figures regarding Electronic Ordering, Single Platform-MS Dynamics AX, and the Division's new eLicensing system project. She noted that over 99 percent of orders are placed electronically, either through the Division's Web Portal or EDI. There are 14 class "E" licensees that are still manually ordering; however, once their licenses become due for renewal, they will be required to order electronically upon renewal. Ms. Volk reported that the Single Platform-MS Dynamics AX is the warehouse management project. She noted the project is in the execution phase with testing beginning in June. Other facets of the Single

Platform project will be installation of a bottle line in the warehouse in the next six months and warehouse automation. Johnson-Stephens Consulting recommended this in their operations study.

Finally, Ms. Volk reported that BasicGov, a Google-based platform, will provide the new eLicensing system that will encompass the Division's compliance, regulation, and licensing functions. The project kicks off on June 6, 2016, with a phased implementation timeline of around 18 months.

Administrator Larson added that BasicGov is a part of SalesForce, which has a contract with the Department of Administrative Services and OCIO. He noted that the Division will have a partnership with OCIO to be sure BasicGov works with the Division to develop the right eLicensing system for licensees. The project will be implemented in stages as the Division builds integration into other departments.

Administrator Larson then recognized Mr. Iversen for an operations update. Mr. Iversen reported on Phase 5, including the replacement of the East parking lot and replacement of AV and technology. The training room will be upgraded to produce educational webinars to reach more people for less expense. The total project will be \$1.6 million, the majority of which will be parking lot replacement, and retain its usefulness for about 20 years.

Mr. Iversen presented sections of the Johnson-Stephens Consulting report. He reviewed the project plan in regard to operational analysis, recommended tasks, and recommendations/summaries for transportation and warehousing.

Administrator Larson then recognized Executive Officer Stephanie Strauss for an administrative rules update.

Ms. Strauss indicated she would have a comprehensive update at the next meeting after the legislative session adjourned for the year.. She noted there were several bills introduced that would have changed Iowa Code chapter 123; however, only three were signed. The first two made technical changes to chapter 123; and the third, Senate File 2164, expunges criminal offences for public intoxication and consumption. Ms. Strauss is incorporating the changes from the signed bills into chapter 123. The Division is preparing to initiate rulemaking on sponsorships and advertising. In conjunction with the proposed rulemaking, certain clarifications may be suggested by the Division regarding the use of advertising and retailer advertising utensils, consumer souvenirs, and wearing apparel. Before the process is initiated, the Division will review all applicable federal regulations and letters or guidance issued by the Tobacco, Tax, and Trade Bureau of the Federal Department of Commerce.

Administrator Larson described the Division's regulatory focus for 2016 and 2017. He noted there will be more activity in the field and the filling of new positions. The compliance officers and investigators would be doing site inspections, regulatory compliance examinations, and complaint investigations across the state. In addition, any large event would be included, one of which is the Register's Annual Great Bide Ride Across Iowa (RAGBRAI). This year the licensing team will be doing a pre-ride education program, meeting with every local authority on the route and establishing licensing terms and conditions.

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.

CALL FOR PUBLIC COMMENT

None

OLD BUSINESS

None

NEW BUSINESS

None

RECOGNITION OF COMISSIONER HUNSAKER

Commissioner Hunsaker was commended for 10 years of service from May 1, 2006, to April 30, 2016. A certificate from the Governor and Lieutenant Governor was presented to Commissioner Hunsaker by Chairperson Doll.

NEXT MEETING DATE

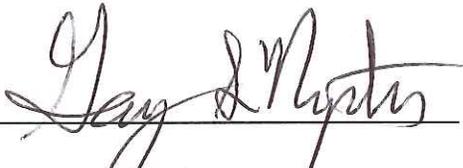
Thursday, June 23, 2016, at 1:00 p.m. Election of officers will take place.

ADJOURNMENT

MOTION: A motion was made by Commissioner Hunsaker and seconded by Commissioner Wilson to adjourn the meeting.

Motion approved.

The meeting adjourned at 2:40 p.m.



Commissioner Nystrom, Secretary