

IOWA ALCOHOLIC BEVERAGES COMMISSION

MINUTES

Old Supreme Court Chamber (Room 103)
Iowa State Capitol
September 22, 2016 – 1:00 p.m.
Dial In Number: 1.866.685.1580
Conference Code Number: 0009991572

Commission Members Present

Jay Wilson: Chair
Gary Nystrom: Vice Chair
Rachel Eubank: Secretary
Tami Doll: Member (via phone)
John Pauli: Member

Division Staff Present

Stephen Larson: Administrator
Tyler Ackerson: Assistant to the Administrator
Robert Bailey: Public Information Officer
Leisa Bertram: Accountant 2
Karen Freund: Deputy Administrator of Regulatory Affairs
Todd Halbur: Comptroller
Jake Holmes: Education and Outreach Program Planner
Pam Koehn-Miller: Secretary
Heather Schaffer: Compliance Officer 2
Stephanie Strauss: Executive Officer 2

Guests Present

Alex Brewington: Iowa Beverage Systems
Nathan Cooper: Iowa Wholesale Beer Distributors Association
Eric Goranson: Iowa Restaurant Association
Brian Guillaume: Iowa House Democrats Staff
Jake Heard: Senate Republicans
Stacy Kluesner: Iowa Restaurant Association
Christin Mechler: Legislative Services Agency
Brittany Telk: Iowa House Republicans Staff
Jeremy Thompson: Sazerac
Kate Walton: Eide & Heisinger
Jewell Young: Johnson Brothers

Guests Present via Phone

None

CALL TO ORDER

Chairperson 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 Pauli and seconded by Commissioner Eubank to approve the agenda for the September 22, 2016, Commission meeting.

Motion approved.

APPROVAL OF MINUTES

MOTION: A motion was made by Commissioner Pauli and seconded by Commissioner Eubank to approve the minutes for the in-person June 23, 2016, Commission meeting and for the telephonic July 7, 2016, Commission meeting.

Motion approved.

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

ADMINISTRATOR'S REPORT

Administrator Larson recognized Division Executive Officer Stephanie Strauss for an overview of the growler rules amendment being presented for adoption by the Commission. On July 22, 2016, the Commission directed the Division to begin the formal rulemaking process to amend 185 – 4.6(123) Filling and selling of beer in a container other than the original container by class "C" beer permit holders. Notice of Intended Action was published in the Iowa Administrative Bulletin as ARC 2679C on August 17, 2016. The period for public comment ended on September 6, 2016, and no written or oral comments were received. The Division appeared before the Administrative Rules Review Committee on September 13, 2016. The first possible adoption date for the Noticed rule was September 21, 2016. The Adopted Filing deadline is September 23, 2016 to publish on October 12, 2016. The Effective date would be November 16, 2016.

MOTION: A motion was made by Commissioner Nystrom and seconded by Commissioner Pauli that the rules published under Notice of Intended Action ARC 2679C be adopted.

A roll call vote was taken with the following results:

Commissioner Wilson: Aye

Commissioner Nystrom: Aye

Commissioner Eubank: Aye

Commissioner Pauli: Aye

Commissioner Doll: Aye

The motion passed and the rules were adopted.

Administrator Larson recognized Comptroller Todd Halbur for a financial report. Mr. Halbur reported that there was a 4.03 percent growth in sales FY2016 over FY2015. In comparing FY2016 over FY2015, Total General Fund Reversion increased 2.34 percent and Average Monthly Order Volume increased 10.78 percent. Total Freight Cost per case decreased 6 percent and Driver Cost per case decreased 2.78 percent, year over year.

Mr. Halbur also reported that the FY2015 audit of the Division was completed with no major findings. The audit will be released as a part of the full audit of the Department of Commerce.

Mr. Halbur provided a timeline for the release of the 2016 Annual Report. Tentatively, the report will be submitted to the Commission for review on November 23, 2016, with a telephonic Commission meeting being held sometime after Thanksgiving to formally approve the report.

Administrator Larson reported that on August 22, 2016, the Microsoft Dynamics AX single platform system went live. On September 13, 2016, the Division, in partnership with OCIO, began development of a new e-Licensing system, BasicGov. BasicGov, AX, and the I-3 state accounting system will all interact. The goal is to become more user-friendly and have mobile capabilities as services for licensees are upgraded.

Administrator Larson also reported that the Division is beginning the formal RFP process to explore the feasibility of a public-private partnership for the delivery of spirits to over 1,340 class "E" licensees as recommended by the Johnson-Stephens Consulting report.

Debi Durham, Director of the Iowa Economic Development Authority, and Administrator Larson co-chaired the Comprehensive Review of Iowa Code Chapter 123 working group kick-off session on September 9, 2016. The purpose of the working group is to begin determining which laws are still relevant, and to put forth to the governor, the public and policy makers why the laws are, or are not, relevant. Future working group meetings will be at the FFA Enrichment Center on the DMACC campus, 1055 SW Prairie Trail Parkway, in Ankeny.. The website Basecamp will be used to exchange information and maintain transparency throughout the review. The September 28 agenda will include a visual historical overview presentation on Iowa's alcohol law since 1934 and the key legal cases at the state and national level that policy makers may have used to make decisions at key points in time. The regulatory framework of the three-tier system will be defined as it exists under Iowa Code, and a glossary of terms will be defined. There will also be an overview of Iowa's alcohol licensing structure, including the types of licenses and associated privileges.

Administrator Larson reported on behalf of Assistant Attorney General John Lundquist who was unable to attend this Commission meeting. On September 16, 2016, Mr. Lundquist presented oral arguments regarding the Valero appeal to District Court Judge May. A decision is expected over the next 60-90 days regarding the agency's decision to deny a retail beer permit to an owner of a winery in California based upon a prohibited ownership interest as laid out in Iowa Code § 123.45.

OLD BUSINESS

None

NEW BUSINESS

None

NEXT MEETING DATES

Thursday, November 17, 2016, at 1:00 p.m.

Thursday, January 25, 2017, at 1:00 p.m.

ADJOURNMENT

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

Motion approved.

The meeting adjourned at 1:56 p.m.



Commissioner Eubank, Secretary