

# IOWA ALCOHOLIC BEVERAGES COMMISSION

## MINUTES

Iowa Alcoholic Beverages Division  
1918 SE Hulsizer Road, Ankeny, IA  
November 17, 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  
Jeff Cam: Compliance Officer 1  
Jodi Christensen: Purchasing Agent 3  
Karen Freund: Deputy Administrator of Regulatory Affairs  
Josh Happe: Public Service Manager 2  
Todd Halbur: Comptroller  
Jake Holmes: Education and Outreach Program Planner  
Pam Koehn-Miller: Secretary  
Lolani Lekkas: Compliance Officer 1  
John Lundquist: Assistant Attorney General  
Heather Schaffer: Compliance Officer 2  
Stephanie Strauss: Executive Officer

### Guests Present

Nathan Cooper: Iowa Wholesale Beer Distributors Association  
Rep. Jake Highfill: Iowa House of Representatives  
Ron Mark: Summerset Winery  
Karla Fultz McHenry: Iowa Restaurant Association  
Mackenzie Nading: Iowa House Republicans Staff  
Brittany Telk: Iowa House Republicans Staff  
Christin Mechler: Legislative Services Agency

**Guests Present via Phone**

Matt Eide: Iowa Wine Growers Association and Kum & Go

Jeremy Thompson: Sazerac

Tod Wolter: 7G Distributing

**CALL TO ORDER**

Chairperson Jay Wilson called the meeting to order at 1:01 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 Eubank to approve the agenda for the November 17, 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 September 22, 2016.**

**Motion approved.**

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

**ADMINISTRATOR'S REPORT**

Administrator Larson recognized Comptroller Todd Halbur for a financial management report. Mr. Halbur provided an overview of the FY2016 Annual Report draft. He noted that the format of the report followed the previous year's report format with figures updated to reflect Fiscal Year 2016. The targeted release date is the week of December 5.

Mr. Halbur reported that Year-to-Date through October FY17, the Division had \$93,943,954 in total liquor sales, which was a 5.26 percent growth in sales over October FY16. The average monthly order volume for FY17 was 4,932 compared to 4,133 in FY16, a 19.33 percent increase.

Administrator Larson recognized Division Executive Officer Stephanie Strauss. Ms. Strauss provided the 2017 Iowa Legislative Session Timetable. The 87<sup>th</sup> Iowa General Assembly will convene January 9, 2017. Ms. Strauss reported that the Division will introduce a technical bill intended to clarify the types of records licensees need to maintain, incorporate consistency in language, and adopt new definitions into Code found in the Division's administrative rules pertaining to growers. Ms. Strauss announced that an event for commissioners to meet with legislators will occur in March.

Administrator Larson reported that he and Debi Durham, director of the Iowa Economic Development Authority, are co-chairs of a working group that is conducting a comprehensive review of Iowa Code chapter 123. The objective of the working group is to bring all stakeholders to the table to openly discuss ways to modernize Iowa's alcohol laws while maintaining focus on public safety and public health concerns. The goals

of the review are to clarify the law, streamline and remove red tape, consolidate or eliminate some state licenses and permits, identify areas of the law impeding business growth, and maintain the three-tier system.

Administrator Larson presented the Division's updated organizational chart. Administrator Larson introduced Joshua Happe, the new bureau chief for the Division's regulatory compliance program, who began in the position on November 4.

Administrator Larson presented an update regarding the metrics in reference to a possible public/private partnership. The Division will be tracking trends in annual growth of liquor sales, distribution outlets, and SKUs. Administrator Larson reported that the Division is working in partnership with the Iowa Department of Administrative Services to develop an RFP to determine the feasibility of a public/private partnership in the distribution of spirits.

Administrator Larson recognized Assistant Attorney General John Lundquist. Mr. Lundquist addressed a ruling entered by the district court in Valero, a case where the owner of retail convenience stores in the state of Iowa is also the owner of a business engaged in manufacturing wine in the state of California. The Division denied the renewal of the retail beer permits for the convenience stores until such time as the ownership of either the convenience stores or the winery was divested. The owner appealed the denial of the permits and the case moved through the appeals process, eventually reaching district court. The district court remanded the case back to the Division for the administrator to provide his interpretation of Iowa Code § 123.45. The administrator interpreted Iowa Code § 123.45 as unambiguously prohibiting a manufacturer or wholesaler from having an ownership interest in a retailer. The district court judge affirmed the administrator's interpretation and denial of the beer permits. The convenience store owner has 30 days from the district court judge's ruling to appeal the case to the Iowa Supreme Court.

#### **PUBLIC COMMENT**

None

#### **OLD BUSINESS**

None

#### **NEW BUSINESS**

None

#### **NEXT MEETING DATE**

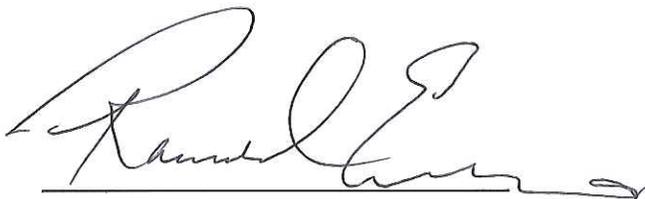
**Wednesday, January 25, 2017 at 1:00 p.m.**

#### **ADJOURNMENT**

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

**Motion approved.**

The meeting adjourned at 2:06 p.m.

A handwritten signature in black ink, appearing to read "R. Eubank", written over a horizontal line.

Commissioner Eubank, Secretary