



12:00 PM
Friday, August 16, 2024
James Center I
Pipeline Conference Room
1021 East Cary Street
Richmond, VA 23219

Meeting Minutes

Call to order

Chair Jason Romano, called the meeting to order at 12:15 PM.

Introduction

Directors Present in Person

Jason Romano, Chair, Lake Anne Brew House
Aden Short, Vice Chair, P.A. Short Distributing Company
Greg White, Member, Hoffman Beverage Distribution Company
Matt Mullett, Member, RichBrau Brewing

Directors Present Virtually

Joseph Guthrie, Secretary, VDACS Commissioner

Others Present in Person

Dakota Rust, VDACS, VBDC Operations Manager
Missy Johnson, VDACS, VBDC Financial Analyst
Dewey Jennings, PhD, VDACS, Director of Administrative and Financial Services
Charles Green, VDACS, Deputy Commissioner
Ashley Reed, VDACS, Deputy Director of Administrative and Financial Services
Cleve Packer, VDACS, Virginia Management Fellow
Rachael Zilic, Tyler Technologies Virginia, Project Manager
Staci Saunders, VDACS, VWDC Operations Manager
Josh Laws, Office of the Attorney General, Assistant Attorney General
Mike Mullin, Virginia Beer Wholesalers Association, General Counsel

Phil Boykin, Virginia Beer Wholesalers Association, President and CEO

Brett Vassey, Virginia Craft Brewers Guild, President and CEO

Others Absent

Justin Bell, Office of the Attorney General, Assistant Attorney General

Travis Rickman, Office of the Governor, Deputy Secretary of Agriculture and Forestry

Emma Chupp, Office of the Governor, Virginia Management Fellow

Approval of Agenda and Minutes

A motion to approve the agenda for the meeting was made by the Chair, Jason Romano and seconded by the Vice Chair, Aden Short. The motion passed unanimously.

A motion to approve the minutes of the previous meeting on July 16, 2024, was made by the Chair Romano and seconded by Vice Chair Short. The motion passed unanimously.

Remote Participation

Chair Romano announced that a quorum is present at the meeting. A motion was made by Chair Romano and seconded by Vice Chair Short to allow Commissioner Guthrie to participate virtually due to being located more than 60 miles from the meeting location. The motion passed unanimously. All confirmed Commissioner Guthrie could be heard clearly.

Operations Manager Report

Articles of Incorporation

Mr. Rust informed the board that the Articles of Incorporation will be updated with the newly appointed directors when the annual report is submitted to the SCC in 2025.

Tax and TTB Exemption

Mr. Bell with the Office of the Attorney General has applied for Tax and TTB exemption. An update will be presented at the next meeting.

Virginia Liability Risk Management Plan

VBDC is now covered by the Virginia Department of Treasury Risk Management VaRisk2 plan. Mr. Rust submitted this plan for review to the board and there were no questions.

Bonding

VBDC is now bonded. Mr. Rust worked with Bankers Insurance to secure a surety bond. The application was signed by Chair Romano to submit to ABC with license applications.

Walkthrough of VBDC online system

Mr. Rust did a walkthrough of the VBDC online system to show a product registration and retailer registration. There was much discussion regarding case quantities and standardizing minimum orders in the system for retailers.

During retailer registration there was discussion about partial territories being addressed and at what level. This conversation was tabled and will be deferred to Justin Bell to look at having this in operating agreement to ensure VBDC is not held liable in Brewery and Distributor disputes. 3.1.5 Indemnify clause does address this matter.

Review of Preliminary Budget

Mr. Rust reviewed the FY25 budget which includes expected expenses. The board would like to see the underlying costs in detail. Mr. Mullett suggested an executive session to review the budget before approval.

Engagement

Mr. Rust provided an update about the events staff attended, the increase of social media followers and registrations on VBDC. After the Beer Cup Gala where we had a booth the website traffic went up after this significantly.

Business Development

Chair Romano began the review of Bylaws. Mr. Bell will come back to the next meeting with an update about the resignation clause. Chair Romano questioned the definition of a quorum. What constitutes a majority? Chair Romano also asked if the board should have at least one

director representing breweries and at least one director representing wholesalers at each meeting? Mr. Rust will send this question to Mr. Bell for clarification and possible inclusion in the Bylaws.

Discussion of Operating Agreement

A discussion ensued about the Operating Agreement regarding indemnification, sales territory, the term “workers,” and keg management. In section 3.1 brewery workers are defined as independent contractors (temporary agents) such as delivery drivers. Since breweries may use third-party delivery services or their own personal vehicles it was suggested to remove 3.2.2 “Brewery is solely responsible for licensing, insurance, maintenance, and operation of the Agency Vehicle.” Draught/keg/tap line cleaning is not required by state law but viewed as industry best practice. There was much discussion as to why or why not this should be in the operating agreement and how this would get VBDC in the business of policing breweries. Chair Romano moved to table the discussion until the next meeting. He asked that the board send suggested edits in the agreement for the next meeting.

Discussion of Fee Structure

The board discussed license fees, whether transaction fees should be based on a percentage or flat fee and how small breweries would benefit from a smaller percentage. The board was leaning toward percentages. There was brief discussion about the keg deposit fees and the cost to replace lost barrels. The Chair moved table the discussion to the next meeting with plans of deciding. Mr. Rust will send the excel version of the fee determination sheet to the board.

Next meeting date

The next board meeting is tentatively scheduled for September 11, 2024, from 2 PM – 5 PM. All unresolved items will be added to the agenda for the next meeting. The operating agreement and bylaws will be decided.

Public Comment

The board allowed for a public comment at 3:22PM. There were comments from the public. Brett Vassey, President and CEO of VCBG announced a distribution guide is being developed

that will help with the keg line cleaning issue. VCBG has funds to help with marketing if needed. There were no more comments at this time.

Adjourn

Chair Romano adjourned the meeting at 3:25 pm.

DRAFT