



2:00 PM

Thursday, September 19, 2024

Virginia Craft Brewers Guild

Headquarters

2112 W Laburnum Ave

Ste 205

Richmond, VA 23227

Meeting Minutes

Call to order

The Chair, Jason Romano called the meeting to order at 2:14 PM with a quorum present.

Directors Present in Person

Jason Romano, Chair, Lake Anne Brew House

Vice Chair Aden Short, Vice Chair, P.A. Short Distributing Company

Matt Mullett, Member, RichBrau Brewing

Joseph Guthrie, Secretary, VDACS Commissioner

Directors Absent

Greg White, Member, Hoffman Beverage Distribution Company

Others Present in Person

Dakota Rust, VDACS, VBDC Operations Manager

Missy Johnson, VDACS, VBDC Financial Analyst

Ashley Reed, VDACS, Deputy Director of Administrative and Financial Services

Rachael Zilic, Tyler Technologies Virginia, Project Manager

Staci Saunders, VDACS, VWDC Operations Manager

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

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

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

Approval of Agenda and Minutes

Chair Romano made a motion to amend the agenda by moving the public comment section of the meeting immediately after the approval of the draft minutes. This motion was seconded by Vice Chair Aden Short, and the motion passed unanimously to approve the minutes with the amendment.

Secretary Joseph Guthrie made a motion to approve the August 16, 2024, minutes as presented and seconded by Vice Chair Short. The motion passed unanimously.

Public Comment

There were no comments.

Operations Manager Report

Virginia ABC's Application Process

Mr. Rust summarized Virginia ABC's application process for beer wholesaler licenses of 300,000 cases or less which authorizes the licensee to acquire and receive deliveries and shipments of beer to sell, deliver and ship beer to other licensees for the purpose of resale such as restaurants and bars and retail establishments. All applications require a \$195 nonrefundable fee, \$1005 state license fee per year and the publishing fee in the local paper which can be up to \$300. There is a Criminal Background Check fee of \$15 for each board member that VBDC will pay. The Brewery and VBDC will submit multiple

business documents to ABC for processing. This process can take up to 60-90 days for processing.

TTB Exemption

An exemption letter has been provided to VDACS. Given that VBDC, is a State Agency, non-stock, nonprofit corporation and overseen by the Commissioner of the Virginia Department of Agriculture and Consumer Services, VBDC is not required to obtain a basic permit to engage in the wholesale activities described in 27 U.S.C 203(c). TTB noted that is issued a similar determination regarding VWDC in 2008.

Walkthrough of VBDC online system

Mr. Rust presented a walkthrough of the VBDC online system to show the lifecycle of when a retailer places an order with a brewery. There were discussions about user experience and educational tutorials, additional discounts offered during order approval and any allowable exceptions. Mr. Justin Bell from the Office of the Attorney General noted that we should add a section to the operation agreement about the brewery complying with all ABC regulations to ensure VBDC is alleviated from any legal responsibility. Mr. Bell will confer with the OAG attorney for ABC about this compliance issue.

Budget Overview

Mr. Rust asked the board if there were questions about the FY25 detailed budget. A discussion commenced about the projected budget and ABC fees. Secretary Guthrie made a motion to approve the budget as presented by staff and it was seconded by Vice Chair Short. The motion passed unanimously.

Engagement

Mr. Rust provided an update about the events staff attended to include the inaugural Virginia Brewer's Conference, the Craft Beer Month Reception at the Governor's Mansion, as well as the upcoming events. There has been steady growth on the VBDC site and on social media.

Business Development

Review of Bylaws

Chair Romano opened the discussion regarding bylaws. Secretary Guthrie mentioned the quorum clause and the directors discussed how meetings would operate if all members were not at the meeting, whether planned or unplanned. It was suggested language be added to a new clause: Article II.10 Motions and Votes. Quorum for motions and votes must have at least one Brewery members and at least one Wholesaler Members. Quorum for a general meeting must have at least three members at a meeting which allows for the approval of prior meeting minutes and Operation Manager reports.

At the July 16, 2024, meeting, there was a question regarding adding the removal of a board member. Mr. Bell cited the Executive Board statute **§ 2.2-108. Removal of members of certain boards, commissions, etc.** which governs this board and their removal.

Operating Agreement

Chair Romano opened discussion about the operating agreement. The following sections were noted:

- 3.1.3 Add Brewery shall comply with all ABC laws and regulations and not use this platform or any other service provider for the company to knowingly violate laws and regulations.
- 5.2 Customer List: Chair Romano asked what the purpose of the customer list is for. Mrs. Saunders noted she doesn't use this section for her operations. The board agreed to strike this section for now.
- 6.1.1 Transaction Fees: The board was in favor of transaction fees of 4% for Standard Breweries and 3% for Limited Breweries 3%. Secretary Guthrie likes this fee structure since it is in favor of Virginia agriculture and encourages limited license "farm" breweries.
- 7.1.7 & 8.1.5: VBDC shall encourage and promote draught/keg/tap line cleaning and shall not be responsible for servicing the lines. Brewers shall work with Retailers to determine a draught/keg/tap line cleaning schedule, if applicable. The board agrees that this meets the requirements for industry maintenance.
- 9.0 Operating Rules: Chair Romano asked that an overall provision about revisions be added for the Operating Agreement. The Commissioner suggested adding a provision to Section 10.14 Miscellaneous.
- The Commissioner asked Mr. Bell to review 10.3 (Brewery cannot modify this agreement at any time). It was mentioned that VBDC can revise, post for public comment, and not make any changes effective for 30 days. If there are no comments, then the board could approve at the next meeting.
- Add 10.14 Miscellaneous: Operating agreement can be revised at any time. It is the responsibility of the Brewery to keep up with this agreement and a notice will be provided.

Secretary Guthrie moved to conditionally approve the operating agreement regarding the provisions listed above and additional section. Vice Chair Short seconded the motion. The motion passed unanimously.

Fee Structure

The board's transaction fee decision of Brewery 4% and Limited Brewery 3% passed with operating agreement vote.

A motion was made by Vice Chair Short to have Brewers pay the above license fees and keg deposit fees of \$30. The motion was seconded by Chair Romano and passed unanimously.

Next meeting date

The next board meeting is tentatively scheduled for October 24, 2024, from 11 AM – 1 PM.

VBDC is tentatively slated to submit applications to Virginia ABC the week of October 7, 2024, when the operation agreement is updated, and Tyler Tech has the VBDC system updated with the operational changes.

Next meeting topics: Release letter, non-alcoholic products, distributing to remote events.

Adjourn

Chair Romano adjourned the meeting at 4:48pm.