



MEETING MINUTES

LOCATION

**Virginia Craft Brewers Guild
Headquarters**
2112 W Laburnum Ave
Ste 205 Richmond, VA 23227

DATE & TIME

Wednesday, December 11, 2024
@ 11 AM

Call to order

The Chair, Jason Romano called the meeting to order at 11:05 AM with a quorum present.

Directors Present in Person

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

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
Dewey Jennings, PhD, VDACS, Director of Administrative and Financial Services
Staci Saunders, VDACS, VWDC Operations Manager
Rachael Zilic, Tyler Technologies Virginia, Project Manager
Brett Vassey, Virginia Craft Brewers Guild, President and CEO
Bill Spence, St. George Brewing Company, President

Approval of Agenda

Chair Jason Romano made a motion to approve the agenda as written. The motion was seconded by Director Matt Mullett, and the motion passed unanimously.

Approval of Minutes

Chair Romano made a motion to approve the draft minutes for October 24, 2024, as written. The motion was seconded by Vice Chair Aden Short, and the motion passed unanimously.

Public Comment

Chair Romano opened the public comment period and there were no comments.

Operations Manager Report

Budget Overview

Mr. Dakota Rust provided details regarding the VBDC budget. System Maintenance fees will be billed for 4 months due to a billing issue. The biggest increase for the budget was salary and benefits. Mr. Rust noted the Marketing line item. The Flair Marketing contract in the amount of \$18,428 is due for renewal for 2025. In addition to hosting the VBDC website, they manage the VBDC social media, blog posts, and newsletters to not only breweries but retailers as well. They are a good value and very responsive. Response to Flair Communication is due by December 31st. Vice Chair Short made a motion to approve the contract. The motion was seconded by Chair Romano, and the motion passed unanimously.

Keg Management

Mr. Dakota Rust provided the board with an overview of the new keg management function in the VBDC system. He demonstrated the first keg deposit, a deposit transfer, and applying a keg credit to an order. If keg credits are not used within 30 days, then a refund will go back to the retailer. Mr. Rust showed the current brewery and retailer keg inventory reports. Director Mullett noted that disposable kegs are a new endeavor with breweries and would need to be captured in the system. This should be new product type that adds the cost of the keg in the product removing keg management. The board brought up that current industry standard is to apply keg credits to an invoice, as a way of refunding the order. Distributors do not keep an inventory of outstanding kegs because it is too much tracking per supplier and retailer. The board believes that retailers will have an issue with how the system is currently set which is crediting kegs delivered per kegs picked up. The board strongly recommended that keg credits should be applied to invoices so it's not too rigid and possibly inhibit interested retailers from participating. It was mentioned this would also help administratively by reducing the amount of refunds that would need to be processed for keg credits. Mr. Rust confirmed that these deposits and credits do not filter to the transaction fees paid by the brewery or ABC wholesale taxes. There was discussion about the wording on the brewery order screen. Their preference is Kegs to be Delivered and Kegs to be Picked Up. The board asked about making changes to the order to account for any delivery changes. Mr. Rust explained that if the order remains in the Finalized stage changes can be made upon delivery, then updated to Delivered. If orders are already updated to Delivered, then the Brewery must contact Mr. Rust to make changes administratively. Mr. Rust and Administration will work with Tyler Tech on how to proceed with this information.

Licensing

Mr. Rust provided an update on the pending applications. There are 6 pending applications in process with ABC and about 50 breweries that have registered their account, paid the application fee, or we are waiting for them to submit documents.

Engagement

Mr. Rust provided an update on the growth of the VBDC site and social media. Currently there are 12 registered retailers. Staff is hopeful this will increase once brewery locations are fully licensed. There are 42 Instagram followers and 139 Facebook followers. The events attended by VBDC staff were Virginia Wineries Association Annual meeting & Conference, Fintech E-Vite Training, and the Virginia Craft Brewer's Guild Quarterly Seminar. While at the wine conference the owner from the New Kent Winery expressed interest in utilizing VBDC. Mr. Rust worked with Flair Communication to design a new webpage called the "Distribution Roadmap" to help breweries assess where they stand things to consider before moving forward with distribution.

Business Development

Internal Policies

Mr. Rust drafted two internal policies for the Board to review and provide feedback on regarding returned payments and releasing a brewery from VBDC. These policies will serve as a guide as to how VBDC will operate internally. Mr. Rust developed these from the Code of VA and in consultation with VDACS personnel. These policies will be added to the Policy Portal on the VBDC webpage. Mr. Rust will check on the legality of brewery payments being withheld. Discussion ensued about the timing of the release from VBDC and what would need to be done for the complete turnaround. It was agreed that five business days to complete the review and another five days to notify ABC was doable. Once released, the brewery will have view only access to the VBDC system for 30 days. Mr. Rust will submit the drafted policies to VDACS's Policy and Planning office for review. After Policy and Planning reviews the policies, these will be available for the board to review and adopt at the next meeting.

Operating Agreement Updates

Since the functionality of tracking keg deposits was operational and not brought into question, the Board felt comfortable updating the language in section 8.1.6 in the Operating Agreement.

October 24, 2024 version	December 11, 2024 update
<p>8.1.6. Acknowledge that keg deposits shall be handled outside the online application. In such cases, the Brewery shall maintain accurate records of all keg deposits received and returned via the invoice. The Brewery agrees to promptly refund kegerator deposits to customers upon return of the kegs.</p>	<p>8.1.6. Acknowledge that keg deposits and returns shall be handled using the online application. The Brewery shall coordinate with Retailers to maintain accurate records of all keg returns via the online application.</p>

Secretary Guthrie made a motion to approve the changes as provided. The motion was seconded by Vice Chair Short and the motion passed unanimously. Chair Romano made a motion to have the changes effective today, December 12. The motion was seconded by Vice Chair Short and the motion passed unanimously.

Distribution to banquet and special events licensees policy discussion continued

Mr. Rust met with Justin Bell from the Attorney General's office and Commissioner Guthrie shortly after the last board meeting. The consensus was that VBDC does not have the legal right to distribute with a non-response since an absence of a signature is not an agreement. It was mentioned that VBDC should not get involved in disagreements between suppliers and other distributors. Mr. Rust did reach out to stakeholders on the wholesale side about providing some sort of template to post on our website, but each agreement is so unique that there were more blanks than content, therefore it was too difficult and unproductive to draft a template. Breweries with existing wholesalers must ensure they are adhering to current contract agreements prior to signing up with VBDC. Vice Chair Short and Director White will start a best practice guidance document for breweries to consider for special events.

Next meeting date

The next board meetings are scheduled for January 17, 2024, 11AM – 1PM (virtually) and Wednesday, March 26, 2025, 11 AM (location TBD).

Adjourn

Chair Romano adjourned the meeting at 1:26 pm.

