

MINUTES  
Michigan Craft Beverage Council  
April 16, 2019  
Iron Fish Distillery, Thompsonville, Michigan

Council Members Present:

Gary McDowell, Michigan Department of Agriculture & Rural Development  
Dustin Stabile, Mackinaw Trail Winery  
Brian Lesperance, Fenn Valley Winery  
Jim Holton, Mountain Town Station Restaurant & Brew Pub  
Rosalind Mayberry, D&W Fresh Market  
Mike Beck, Uncle Johns Cider Mill

Scott Graham, Brewers Guild  
Brad Stevenson, Founders Brewing Company  
Richard Anderson, Iron Fish Distillery  
Zachary Owen, Temperance Distilling

Others Present

Sherry Goodreau, Michigan Craft Beverage Council  
Peter Anastor, MDARD  
Jenelle Jagmin, MDARD  
Sara Morgan, LKF Marketing  
Alyssa Benson, LKF Marketing  
Heather Isch, LKF Marketing  
Rick Coates, Brewers Guild  
Dianna Stampfler, Promote Michigan  
Kerry Krone, Michigan Liquor Control Commission  
Sarah Weber, Michigan Liquor Control Commission

Welcome and Introductions

The meeting was called to order by Council Chair Gary McDowell at 1:07 p.m. Peter Anastor oversaw the meeting per the Chair's request.

Agenda for the April 16, 2019 Meeting

**MOTION: JIM HOLTON MOVED TO APPROVED THE AGENDA FOR APRIL 16, 2019. ROZ MAYBERRY SECONDED. MOTION CARRIED UNANIMOUSLY.**

Minutes of the December 13, 2018 Meeting

**MOTION: JIM HOLTON MOVED THE COUNCIL APPROVE THE MINUTES OF THE DECEMBER 13, 2018 MEETING. DUSTIN STABILE SECONDED. MOTION CARRIED UNANIMOUSLY.**

Council Member Comments and Updates

Roz Mayberry- People are happy to be participating in craft beverage industry

Brad Stevenson- His current focus has been in Boulder Colorado working with a new partner- Avery Brewing Company.

Scott Graham- The Brewer's Guild is off to a busy start to the year. Business is getting more challenging. Michigan Craft Brews make up about 10% of the Michigan market, so there is still room to grow.

Jim Holton- Nothing to report

Mike Beck- Nothing to report other than items already on the agenda

Richard Anderson- Welcome to Iron Fish distillery. He provided some information about Iron Fish Distillery and offered a tour of the distillery after the meeting.

Brian Lesperance- The wine industry has a lot of questions about wine grapes due to the cold winter in some parts of Michigan. Damage could be extensive. The wineries had two good growing years previous so there is still juice in the tanks. Ready for spring warm up.

Dustin Stabile- Mackinaw trail Winery is getting ready for bottling season. The new bottling line is scheduled to be delivered in June

### **FY19 Budget Update**

Peter Anastor gave a budget update (Attachment A). Will provide a grant update later in agenda. The Council currently has \$180,000 in unallocated funding in FY19. The council needs to consider what to do with this money.

Brian Lesperance asked if 50% must go to research. Peter Anastor indicated that 50% requirement has already been met and the full \$180,000 can be used for activities outside of research grants.

At the October meeting the Council will be asked to approve the 2020 budget.

Richard Anderson asked when the allocation from licensing review is available?

Peter Anastor reported an additional \$200,000 to \$220,000 in revenue from licensing fees are expected for 2020. The money sits at MLCC until year end and is then transferred to the Council. The Michigan Liquor Control Commission can give the council an estimate in July.

### **Research Committee Report**

Dustin Stabile reported twenty-seven grant applications were submitted for funding. The committee is recommending ten for funding including four beer related projects, four wine related projects, and two spirit related projects, totaling \$373,189 in funding (Attachment B). A short overview of the projects was provided.

There was discussion to lower the cap in the next round from \$50,000 to \$25,000 to spread out funding.

Richard Anderson and Scott Graham would like the committee to have a conference call with Michigan Technological University's Jim Baker to help with grant writing recommendations.

Mike Beck would like to have a discussion on salaries being submitted in the grant applications, setting some restrictions.

The council would also like to see a column showing which grants are multi-year grants on the spreadsheet.

The Council would like a Press Release sent out for grants.

**MOTION:**

**JIM HOLTON MOVED THE COUNCIL APPROVE THE RECOMMENDED GRANTS FOR FUNDING IN THE AMOUNT OF \$353,189. MIKE BECK SECONDED. MOTION CARRIED UNANIMOUSLY.**

**Promotion Committee Report**

Roz Mayberry reported. A promotion committee was formed, and they met with LKF Marketing to develop a brand for the Michigan Craft Beverage Council. The promotion committee is made up of the following council members; Tim Holton, Brian Lesperance Roz Mayberry. Non council members of the committee include Dave Lorenz, MEDC, Dave Serino 2 Six Digital, and Anna Tomlinson, Imperial Beverage.

LKF gave a presentation on marketing and branding based off the promotion committee meeting.

LKF staff includes;

Sara Morgan, project lead for MDARD

Alyssa Benson

Heather Isch owner LKF Marketing

Heather reported on the branding exercise the committee members participated in (Attachment C). The topic discussed was the website and what will become of it.

The Craft Beverage Council owns the url, Michigancraftbeverage.com.

Discussions took place regarding branding, marketing and the website.

Brad Stevenson commented research is the number one priority of this council. The industries have their own promotion.

Brian Lesperance feels the council needs a consumer side.

Jim Holton stated he joined the council to figure out how to get Michigan products into restaurants.

Roz Mayberry question what to do with the website. Should the focus be on the industry and not consumers?

Richard Anderson stated the practical part of website is for it to be a tool to for industry to help people to find information about research to submit better proposals. The website could help interested parties find information about research for the industry.

Peter Anastor commented the council needs to decide who they are and what is their goals.

Peter also stated the council has no money budgeted for marketing or promotion. To date, \$7,671 has been paid to LKF Marketing for branding for the council for some preliminary work. The Council decided to move forward with a brand for the Council and transition the website from the Michiganwines to MichiganCraftBeverage. Sarah from LKF confirmed they can tweak the website we have.

**Michigan Wine Month**

Roz reported May is wine month, July is craft beer month. The question is, do we combine them and have a Craft beverage month?

The consensus from the council is to leave them alone and not to create a Craft Beverage Month.

**Events and sponsorships**

Scott Graham proposed not to do anything this fiscal year. That Council supported to not provide any event or sponsorship funding in the current year.

The promotion committee is asking for a modest budget to move forward for marketing and promotion.

Brian Lesperance talked about the Trip builder site on the website., There was not a strong recommendation, but it has driven the most traffic.

Brad Stevenson indicated that having a brand should be the focus for the marketing/promotion funding? He suggested putting other things on hold.

Committee Asking for \$50,000 for promotion and marketing in order to create a Craft Beverage Brand and to transition the website and other promotion items to Craft Beverage Council.

**MOTION:**

**ROZ MOVED THE COUNCIL ALLOCATE UP TO \$50,000 FOR PROMOTION AND MARKETING FOR THE 2019 FISCAL YEAR. DUSTIN SECONDED. MOTION CARRIED**

**Other Business**

- The Michigan Wine and Cider festival will not take place this year.
- Michigan Wine Competition. Kellogg is taking over this year with the Michigan Wine Collaborative taking an interest. Craft Beverage staff are helping with the transition. Does the Craft Beverage Council want to be affiliated with it? Brad doesn't want to target one event or one industry. A decision was made to not affiliate the Craft Beverage Council with the Grape and Wine Competition.
- The Council needs to determine how they will identify the number of businesses within the industry in Michigan. Discussion took place. The council decided to use the number of breweries, distilleries, wineries and cideries licensed through the Michigan Liquor Control Commission. Sherri can get those numbers for the council.

**Proposal for Funding Strategic Industry Framework for Michigan Craft Beverage Sector**

Richard Anderson presented a unifying framework (Attachment D) for the beverage council for the many dollars of invested capital.

The proposed strategic assessment might identify and prioritize research to move the needle in Michigan. Project may need to go through an RFP process. Cost would most likely be \$75,000-\$100,000. How to fund the project is a question. It was decided the research committee would take the lead and bring information and a budget to the July meeting. Michigan State University should be included in this discussion.

**Michigan State University Distillation Program Continuation**

Mike Beck discussed that MSU has done well in their education with distilled spirits. Industry education is lacking educational opportunities and with the passing of Kris Berglund, this program is in jeopardy. Mike would like a letter of support sent to MSU from the council to continue this education. It was decided a letter will be sent form the council.

**New Business/Council Priorities**

Mike Beck and Brian Lesperance sit on Michigan Wine Producers Association. Raised some concern about the level of funding for the council and indicated that associations and partners they work with are evaluating ideas for additional funding,

### **2019 Meeting Dates**

- July 10, 1:00pm, Temperance Distilling, Temperance
- October 9, 1:00pm, Mountain Town Station Restaurant and Brew Pub, Mt. Pleasant

Possible future meeting location is Eastern Market in Detroit.

### **Public Comment**

There was no public comment

### **Adjourn**

**MOTION: SCOTT GRAHAM MOVED THE COUNCIL MEETING ADJOURN. DUSTIN STABILE SECONDED. MOTION CARREID UNANIMOUSLY.**

The Craft Beverage Council meeting adjourned at 4:03 p.m.

### **Attachments**

- A. Budget Update
- B. Craft Beverage Grant Funding Recommendation
- C. Branding Report LKF Marketing
- D. Strategic Industry Framework Proposal