



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF AGRICULTURE
AND RURAL DEVELOPMENT

GARY MCDOWEL
DIRECTOR

MICHIGAN CRAFT BEVERAGE COUNCIL

Approved Minutes

July 8, 2020 – 1:00-3:00 p.m.

Microsoft Teams Meeting | +1 248-509-0316 | Conference ID: 228 662 44#

Council Members Present

Peter Anastor, Michigan Department of Agriculture and Rural Development (MDARD) on behalf of Director Gary McDowell

Richard Anderson, Iron Fish Distillery

Larry Bell, Bell's Brewery Inc.

Scott Graham, Michigan Brewers Guild

Robert Jacobson, Leelanau Wine Cellars

Brian Lesperance, Fenn Valley Vineyards

Zachary Owen, Temperance Distilling

Erin Walton, Meijer, Inc.

Council Members Absent

Mike Beck, Uncle John's Cider Mill

Jim Holton, Mountain Town Station Restaurant & Brew Pub

Others Present (*excluding public attendees*)

Jenelle Jagmin, MDARD

Kerry Krone, Michigan Liquor Control Commission

Johnathon Schweda, MDARD

Kelly Wolgamott, Michigan Economic Development Corporation

Welcome and Introductions

The meeting was called to order at 1:07 p.m. by Peter Anastor, who chaired the meeting as the designee of Director Gary McDowell.

Agenda for the July 8, 2020 Meeting

MOTION: LARRY BELL MOVED TO APPROVE THE AGENDA FOR JULY 8, 2020. BRIAN LESPERANCE SECONDED. MOTION CARRIED UNANIMOUSLY.

Minutes of January 15, 2020 Meeting

MOTION: RICHARD ANDERSON MOVED TO APPROVE THE MINUTES OF THE JANUARY 15, 2020 MEETING. ROBERT JACOBSON SECONDED. MOTION CARRIED UNANIMOUSLY.

Council Member Comments, Introductions, and Updates

Zachary Owen: Provided an update as a representative of large distillers.

Larry Bell: Excited to join the Council. Provided an updated as a representative of the large brewers.

Bob Jacobson: Provided an update as a representative of wine makers.

Erin Walton: Provided an update as a representative of retail food establishments.

Richard Anderson: Provided an update as a representative of small distillers.

Brian Lesperance: Provided an update as a representative of wine makers.

Scott Graham: Provided an update as a representative of micro brewers and brewpub license holders.

Peter Anastor: Provided an update as a representative of MDARD.

Public Comment (*on agenda items only*)

No public comment.

FY20 Budget Update & FY21 Budget Discussion

The Governor issued an executive directive to implement a spending and hiring freeze across state government, which does affect the MCBC. Revenues are near what was anticipated, at approximately \$730,000. Nearly all remaining expenditures are under budget. All funds not utilized this year will rollover to the next fiscal year. Not much change is anticipated in the remaining portion of this fiscal year. Brian Lesperance asked if the marketing and promotion allocation is frozen due to the executive order and Peter Anastor confirmed this. Richard Anderson asked if the statutory research grants are affected by the spending freeze. Peter Anastor explained all statutory research grants are executed and in place since they were initiated prior to the executive order.

Peter Anastor mentioned the State has a Revenue Estimating Conference scheduled in August. Restricted revenues are the source of the MCBC's funds. During the next meeting a budget for FY 2021 will be proposed for approval by the Council.

Research Committee Report

FY20 Research Grant Approvals

Richard Anderson reported out stating the Research Committee will be using a timeline similar to FY20, with the anticipated release of the RFP in early fall and the JEC preparing recommendations for Council approval in January. One administration change being considered is changing the effective date of new grants closer to date of approval (rather than April 1st).

Priorities will be set at the next Research Committee meeting and those from the FY20 grant cycle won't necessarily carry over. Annual priorities are meant to be fluid and evaluated year to year for relevance. Richard Anderson continued to lead a preliminary discussion of the FY21 priorities.

Richard Anderson gave an update on the FY19 grants, noting six of them were extended. Jenelle Jagmin will be scheduling another Research Committee meeting for July/August.

There was also a discussion about filing the vacancy on the Research Committee. Current members include Richard Anderson, as Chair, Mike Beck and Scott Graham.

MOTION: ROBERT JACOBSON MOVED ADD LARRY BELL TO THE RESEARCH COMMITTEE. RICHARD ANDERSON SECONDED. MOTION CARRIED UNANIMOUSLY WITH LARRY BELL OBSTAINING FROM THE VOTE.

Promotion Committee Report

Brian Lesperance stated there isn't a lot to report out from the Promotion Committee but that the Committee decided to meet monthly instead of quarterly due to the onset of COVID-19 as more of an informational setting. He shared there were roundtable updates which provided some good information from different perspectives, helping the Committee to stay connected to how others are being affected (i.e., business, tourism, distribution, retail, MDARD, etc). The Committee wants to be ready to make suggestions for promotional activity once promotional investments are able to be made. It is expected that COVID-19 will continue to amplify the "support local" movement which is organically occurring now. Brian Lesperance, and the Committee, will be looking at tourism partnerships, and other organizational partnerships, to share messages on supporting the craft beverage industry.

There was also a discussion about filing the vacancy on the Promotion Committee. Current members include Brian Lesperance, as Chair, Jim Holton and Erin Walton.

MOTION: RICHARD ANDERSON MOVED TO ADD ROBERT JACOBSON TO THE PROMOTION COMMITTEE. BRIAN LESPERANCE SECONDED. MOTION CARRIED UNANIMOUSLY WITH ROBERT JACOBSON OBSTAINING FROM THE VOTE.

Michigan Liquor Control Commission Update

Kerry Krone, with the Michigan Liquor Control Commission (MLCC), provided an update on the past few months regarding a violation penalty, license renewals, and Michigan legislation. She noted there has been a \$3 million violation penalty placed on Republic National Distributing Co. due to a series of delivery issues going back to the fall of 2019. The MLCC has been working on annual license renewals remotely, having filed two previous licensing extensions, and the deadline to renew was on June 15th. She mentioned there will be approximately \$733,000 entering the Craft Beverage Council's funding due to license renewals and the MLCC's online renewal system is still available for those still needing to renew their license.

Information related to the industry regarding executive orders from the Governor's Office and new legislation may also be found on the MLCC's website. Kerry Krone gave a brief overview of the new cocktails to go legislation and how beverages must be in new and not original packaging without a straw hole.

Travel Michigan Update

Kelly Wolgamott, with the Michigan Economic Development Corporation (MEDC), updated the Council with the efforts the MEDC have been working on to promote safe tourism in Michigan. The MEDC is creating a PureMichigan pledge for businesses to sign up for reaffirming they are committed to slowing the spread of COVID-19.

Staff Report

Industry Engagement Project Update

Due to the onset of COVID-19, Jenelle Jagmin explained how this project has been placed on hold and may resume at a later date.

Industry e-Newsletter

The Industry e-Newsletter, which was shared with the craft beverage industry prior to the meeting, was designed by Jenelle Jagmin to help distribute information and is a new tool that may be utilized by the industry. Jenelle Jagmin is requesting assistance from the Council in promoting the newsletter to bolster the recipient list.

Licensee Map

Jenelle Jagmin gave a walkthrough of the newly developed interactive licensee map. She explained how the data to create the map was compiled and where it may be improved going forward. Once the map has been approved by MDARD it will be published on www.michigancraftbeverage.com.

Appointments

After reaching out to the Governor's Office, Jenelle Jagmin learned, they will be working on appointments next month and are hoping to announce these new appointments at the end

of August. She informed the Council if they are interested in re-appointment, they will need to submit their applications around August 1st.

FY21 Priorities

Jenelle Jagmin reviewed her five priorities for FY21 as outlined below:

1. Develop opportunities on diversity, equity, and inclusion.
2. Increase outreach to businesses and stakeholders.
3. Invest and build consumer education and promotion.
4. Promote MCBC research in new and useful ways.
5. Organize and create a plan for a FY22 Summit.

Legislation Update

Peter Anastor provided an update on Senate Bill 690 where \$880 million of Federal CARES Act funding were allocated to different activities throughout Michigan. \$115 million was directed towards helping businesses and is broken into three different categories: \$10 million to agriculture processors for ag. safety, \$5 million to farms for agriculture safety, and \$100 million to assist businesses with 50 employees or less with ReStart grants. Businesses are only eligible to apply for one of the grant categories and there are additional requirements.

2021 Meeting Schedule

Jenelle Jagmin reviewed the general quarterly meeting schedule and proposed dates.

MOTION: BRIAN LESPERANCE MOTIONED TO CONFIRM THE 2021 COUNCIL MEETING CALENDAR FOR THE DATES: JANUARY 20TH, APRIL 14TH, JULY 14TH, AND SEPTEMBER 29TH. ROBERT JACOBSON SECONDED. MOTION CARRIED UNANIMOUSLY.

New Business

There was no new business.

Public Comment

There was no public comment.

Adjourn

MOTION: ROBERT JACOBSON MOTIONED FOR THE COUNCIL MEETING TO ADJOURN. BRIAN LESPERANCE SECONDED. MOTION CARRIED UNANIMOUSLY.

The Craft Beverage Council meeting adjourned at 2:47 p.m.