

Vermont Brewers Association

Board of Directors Meeting

Burlington, VT

October 17, 2017

12:00 - 5:00

Present: Avery Schwenk, Sean Lawson, Steve Parkes, Paul Sayler, James Branagan, Melissa Corbin, Amy Cronin, and Kelen Beardsley

Absent: Matt Nadeau and Garin Frost

- Welcome and introductions
 - Kelen is introduced as a non-participating guest, someone interested in the board process
- Finance Proposal
 - The budget process last year:
 - The President and Executive Director proposed budget
 - Feedback received from the board
 - Input from members
 - The budget process this year, with a newly formed finance committee:
 - Staff created draft budget
 - Presented to finance committee
 - Staff revised based on committee feedback
 - Committee made further revisions and presented this draft to the board today
 - Next steps for the budget:
 - Today, we're offering up board feedback
 - Then member feedback at the annual meeting
 - Then final approval at next board meeting in November
 - Melissa reviews revenue and expenses
 - Highlights from revenue review:
 - In-kind administration labor is listed
 - Noting the cash value of free labor provided by interns
 - General office tasks
 - Passport fulfillment
 - \$25 increase in dues because of DigInVT website costs--which we have been receiving for free
 - Highlights from expenses review:
 - Increase in workspace--difficult working in such close quarters for such large events and other projects
 - Expenses broken out between general administration and the two fests

- May need to reorder this data for the annual meeting, so that it's clearer and in a separate document
- Noting "in-kind" may present some confusion, but there are justifications in presenting it, considering that it provides valuable services
 - Noting it in the budget shows the argument for the additional cost of rent (Burlington rent to be close to colleges for access to the interns)
 - Would make sense to have it separate from the total budget, as it's not actual dollars spent
 - Melissa will break it out into its own section for the Annual Meeting presentation
- Killington fest numbers
 - Initially 4,500 tickets sold was the goal, now 3,500 as a more conservative estimate based on the finance committee's request
 - 4,500 still seems reasonable as a first year estimate, according to Melissa and Amy based on the Sheraton selling 4,000 tickets to their winter fest
- GABF and ASAE funding removed but could be put back in after Killington numbers come back
- \$18,000 additional reserve (covered by profit rollover from 2017)
- Should there be estimated advertising revenue included for the passport and website?
 - James will bring this question up at the Marketing committee level
- It'd be helpful to show how the reserves have changed, where they're at, and where we want them to be. Melissa will create a graphic for the Annual Meeting presentation.
- Best to outline how the Necrason investment lines up with our reserves and spending
 - The members will be voting for the funds for this lobbying investment at the annual meeting
 - Could we separate the \$20,000 "Lobbying activities" investment line in the budget?
- Sean motions to remove the \$20,000 budget line for franchise reform, so that it may be voted upon as a separate item at the annual meeting; Steve seconds
 - Discussion: If the members vote in accordance with our recommendation, we're moving forward with this process
 - All in favor
- Steve motions to separate the in-kind numbers from the main budget, transferring them to their own page for clarity; Paul seconds
 - All in favor

- Review of current numbers: “Budget Forecasting 2017”
 - Highlights:
 - Grant funding came in higher than expected: the passport and the BA grant for Executive Director salary funding
- Executive session begins for the purpose of discussing personnel matters
 - Melissa, Amy, and Kelen leave the room
- Sean motions to approve COLA (Cost of Living Adjustment) and merit pay for 2017; Steve seconds
 - All in favor
- James motions to recognize Melissa and Amy for their exceptional work and for all they’ve done for the VBA thus far; all second!
 - All in favor!
- Discussion of Events committee proposals
 - Do we give \$10 off for Vermont residents at the Killington fest for the first session?
 - More Vermonters at session one than the others
 - We want to bring Vermonters back in the fold, as tickets used to sell quicker, makes it more inviting
 - There is a risk of loss in discounting tickets, but we have the potential to gain more
 - We could also offer industry discounts, as a promo code that they could hand out
 - Perhaps best to kick back to the Events committee for a decision based on sales numbers
 - Could we do a designated driver ticket again? Sold at the gate?
 - Could this be a back door to people getting into sold out sessions?
 - We should table this discussion until another time, since it doesn’t have a larger budget implication
 - Paul motions to table the two proposals from the events committee; Steve seconds
 - All in favor
- Steve moves that we present this budget, as amended this afternoon, to the membership; Sean seconds
 - Further discussion: Brewers attending the Killington VBF receive a \$750 stipend, plus \$250 to those collaborating, 30 brewers attending
 - Collaboration stipend may be superfluous, considering our total stipends
 - The Burlington VBF compensation stays the same (\$1,500)
 - Sean offers an amendment to the above motion: that we take the additional \$250 collaboration stipend out of the VBF Killington budget; seconded by Steve
 - All in favor
 - Final vote on the amended motion: All in favor

- Annual meeting plan, review of draft agenda
 - We don't typically allow time for questions--is there enough time in the financial review section for that?
 - Yes, given how it went last year, which was more than enough
 - Regarding the reserves number presented at the end of the budget--for clarity's sake, we should show the total of the two bank accounts, not just our savings
 - Shall we poll the membership regarding our philanthropic endeavors?
 - Many guilds nationwide have this as part of their mission
 - Do we want to look at creating a membership committee?
 - The AG's office section
 - What should they address at the annual meeting? Besides the VT origin rule?
 - Consumer Assistance Program can offer certain services to aid businesses--they'll talk about this service as well
 - Is the placement in the agenda appropriate? Enough time?
 - Yes, should be if they're leading the discussion
 - How shall we focus their information?
 - It would be good if they covered what's actionable from the AG's office, what the legal limits are
 - Philanthropic strategy?
 - Should we ask the membership if we should move towards that model? And if so, what charities?
 - Perhaps announce the topic at the annual meeting and say that there'll be a short survey on its way
 - Could be announced during the closing remarks, and that there's a short survey in the packets
 - Should be directly after lunch to open up the discussion, rather than the closing remarks section
 - Membership committee
 - Could offer support to breweries in planning
 - Could offer introductory material for new members
 - Could help in the recruitment of board members and committee members
 - Sean motions to create a membership committee; Paul seconds
 - Steve moves to amend the original motion as follows: Change the name of the Governance committee to the "Membership and Governance" committee; James seconds
 - Discussion: Might be too many tasks, but they've created some great work thus far and could be able to move on to other projects by December
 - Vote to amend original motion: All in favor
 - Vote on amended motion: All in favor
- November board meeting date would be best on 11/13

- Current board terms up for renewal will end at the annual meeting
- Past board members are invited to attend the November meeting as members, not as transitioning board members
- James motions to have the next board meeting on 11/13; Paul seconds
 - One abstaining, four in favor
- Bylaw changes
 - Recent changes were made to provide clarification and have been reviewed by our legal team (writing in blue)
 - Two slight changes
 - Should the Executive committee only be attended by executive committee members? (Which is not in the current language)
 - The President has the power invite other committee members
 - This is more of an emergency committee vs. a matter of bylaw need
 - If the members elect a director, they have the ability to un-elect that director--a recent change as well
 - Kara will make available the whole document, but have a one-page summary of the substantive changes for the Annual Meeting
 - Melissa will note the typo requiring a plural
 - Shall a director be removed for failure to attend a certain number of the total meetings?
 - What is our stance? And where does the authority lie to take that action, if so?
 - The members have the power to remove directors, but in this case, should the power also lie with the board?
 - For this policy, 2 is the best number, so missing 2 out of 6 meetings (counting the retreat, the annual meeting, and 4 regular board meetings) should be grounds for removal
 - The bylaw language should state, according to this policy, that the members have the power to remove directors and the board should consider requesting said board member's resignation
 - Requesting a director's resignation vs. facilitating their removal is preferable
 - Shall we add in a Conflict of Interest policy to the bylaws?
 - Yes, there is one in the Policy manual, but it needs revision before it is added to the bylaws
 - We can take a draft template from the legal team and work it into our current draft
 - Paul motions to adopt the bylaw changes, as amended with this meeting's minutes and reviewed by legal, for presentation to the membership; Sean seconds
 - All in favor

- Sean motions that today's agenda be modified slightly to address franchise law reform; seconded Paul
 - All in favor

- Franchise law reform with Jessica from Necrason
 - Introductions around the table
 - Questions to consider today
 - How do we define a small brewer?
 - If so, what is defined as a small brewer?
 - Best to define by volume output rather than percentage of a distributor's portfolio?
 - Shall we seek a full repeal of franchise law? Or a strictly a small brewer carve-out?
 - Possible Senate partners as sponsors
 - Westman
 - Campion
 - Rodgers
 - Baruth
 - Representing Chittenden, which has 14 breweries at last count, which may be our best bet
 - May be worth going for a full repeal, which is fairly aggressive, but is a consensus among many brewers
 - Perhaps the VBA could offer consulting help when small brewers are entering into contracts
 - We could define what fair market value is as a guideline, or we could go for full repeal
 - How many states have achieved full repeal?
 - Some states have never had franchise law
 - Those with small brewer carve-outs were done after enactment of their franchise law
 - Full repeal or go with carve-out and guardrails in the law?
 - Even with full repeal, there is still room in those negotiated contracts to discuss terms like fair market value
 - Calling for full repeal could potentially create a sense of panic and betrayal with the distributors--depends on how they perceive it
 - Arguments that they'll supply? Why keep brands in perpetuity?
 - They may say, "We've worked with this brand and invested in this brand, creating value by being a partner."
 - Distributors could get ugly in their campaign to get back
 - Saying that people will lose their jobs: one argument being used in MA by distributors
 - Though VT distributors have less political clout than in MA
 - The board is charged with making recommendations to the membership and the timing for this is tight

- There's a mix of perspectives at the table in favor of either one direction or another: full repeal or carve-out
 - Steve motions that the VBA board support full repeal of franchise law in VT; Sean seconds
 - Further discussion: There are other resources from the BA that Melissa has come across, for negotiating contracts with distributors
 - She's written a grant for support with this action
 - Vote: 1 abstaining, 3 in favor, 1 opposed
 - Jessica could reach out to vintners too, getting their support as well, and Melissa can help connect with cider makers
 - Paul could connect Jessica with Philip Baruth
 - How are we presenting this to the annual meeting?
 - First, presentation of background, research
 - We'll be looking for a yes/no vote, allowing any opposition for full repeal, and it should be a two part vote
 - Perhaps by ballot: board votes and franchise law reform, combining the two
 - Sean motions to include the following ballot item in the annual meeting votes, with Paul seconding:
 - Shall the association approve \$20,000 for franchise law reform?
 - Shall the members adopt the board's recommendation and that of our consultant to pursue the full repeal of franchise law, OR shall the members pursue the strategy of small brewer carve-out? (Circle one.)
 - Further discussion: Shall we add the philanthropic strategy to the ballot?
 - More of an exit survey item
 - Vote: all in favor
- Sponsoring events
 - Brewery Day was a great event: good for breweries in planning, very informative, and departmental contacts were close at hand. No financial impact to sponsor this, just assistance in promotion.
 - Sean motions to co-sponsor Brewery Day; seconded by James
 - All in favor
 - Beer Marketing and Tourism conference: many opportunities involved in this VBA/VT Dept of Tourism event
 - Could be a great time to sell more Killington tickets
 - Very important aspect of our industry
 - Will have a \$2K investment, which is in the budget
 - James motions that we support the Beer Marketing and Tourism conference at the \$2K level; Paul seconds
 - All in favor

- Brewery application: Kickback Brewery
 - Dan checked him out, took pictures, and Melissa will be visiting shortly
 - Consensus is that, until the site visit has been completed, we not follow through with a vote
 - Perhaps we can do it before the annual meeting, voting as a board via email?
 - Paul motions to table this vote until a site visit can occur; Sean seconds
 - All in favor

- Review of tech day
 - Good feedback overall
 - Sensory section great and should happen next time too
 - High ratings
 - Great venue
 - Keeps the bar high for later events
 - Biggest challenge will be securing the location for the spring

- App development and timeline
 - Melissa will be signing a contract, which spends the state grant funds designated for this project
 - Currently feeding them back-end data for the app
 - No QR codes--using geolocation
 - There will be a demo before the live launch
 - Launch set to occur around January 1
 - Will have a festival application section that we can sell tickets through
 - Performance of this app in other states has been very successful

- Inform: possible membership suspension
 - A certain member has yet to send a check
 - If this continues past 60 days, according to the current bylaws, there is cause for termination

- Commendations for Steve, Sean, and Melissa!

- Avery motions to adjourn; Sean seconds
 - All in favor