

PENNSYLVANIA DISTILLED SPIRITS INDUSTRY PROMOTION PROGRAM

Pennsylvania Department of Agriculture

2301 North Cameron Street

Third Floor, Room 310

Harrisburg, PA 17110

Minutes of the November 6, 2024 Board Meeting

Public notice of the November 6, 2024 Pennsylvania Distilled Spirits Industry Promotion Program Meeting was given as stipulated by the Sunshine Law.

CALL TO ORDER

Patrick Andrews, Pennsylvania Department of Agriculture Division Chief, called the meeting to order at 10:06 a.m. Board members in attendance along with Mr. Andrews included Alex Moser, Scott Bowser, Russell Fletcher, Ellen Hough, and Terri Gillespie.

Also present were Herman Mihalich (via speakerphone); Michael Keefe, Commodities Program Manager; Holly Zarefoss, Administrative Assistant for Commodities; and Adam Morris, Esquire.

ELECTION OF OFFICERS

RESOLUTION NO. 2024 - 1-NOMINATION OF CHAIR

Motion by: Alex Moser

Second: None

Passed: Unanimously.

To approve Russell Fletcher as Chair.

RESOLUTION NO. 2024 - 2-NOMINATION OF VICE CHAIR

Motion by: Russell Fletcher

Second: None

Passed: Unanimously.

To approve Terri Gillespie as Vice Chair.

RESOLUTION NO. 2024 - 3-NOMINATION OF TREASURER

Motion by: Alex Moser

Second: None

Passed: Unanimously.

To approve Alex Moser as Treasurer.

ACT 57 BRIEFING

Adam Morris, Esquire, voiced his honor to conduct legal work for the ACMA and the liquor boards. He provided a brief summary of his professional background.

Mr. Morris explained Act 57 is the statute that creates the boards and Liquor Code, Title 57. He reviewed boundaries and expectations for the meetings. He noted these are public meetings, and everything said could end up in the public realm as there is a court reporter present.

Mr. Morris will provide legal advice outside the purview of the public. He stated, if discussion is a road map for somebody in the room to sue in court, he would advise that that discussion be in private. An Executive Session would be held to discuss private matters and then members would leave Executive Session and announce in public session why the Executive Session was held. Mr. Morris also advised members not to say anything that it would not want on the front page of the newspaper and not to discuss board business via emails.

Mr. Morris provided a copy of his business card for any questions or comments.

Mr. Andrews clarified that Mr. Morris would go into Executive Session with the Board.

Mr. Morris also noted the court reporter is a part of Executive Session, but matters discussed would not be reflected in the publicly approved meeting minutes.

Mr. Morris referred members to the statute that guides the Board, which is 505.5 of the Liquor Code, Title 47, for language that mirrors the Beer Board and similar to the Wine Board. He explained each subsection as follows: Section A, being the Board member name; B, which branch of government members come from; C, members must be a resident of Pennsylvania; D, each member serves at the pleasure of the appointing authority; and E, the Board's powers and duties. An additional explanation was offered regarding grants and the grant process. F, refers to counsel assistance for the Board to carry out the powers and duties. Final decisions for awarding grants shall be made by the Secretary of Agriculture, currently Russell Redding. Subsection G, the Board actually means the Pennsylvania Liquor Control Board, which has the duty to allocate funding. The next section is the allocation of money to cover department expenses. The Board discussed the language in the sections.

TIMING OF GRANT CYCLES

Mr. Andrews explained the structural difference between the Beer Program and the Wine Program. He noted the relationship with the PLCB, quote, continues to not be great, unquote, and was awaiting a timeline before transferring money to this Board for this year and next year. Mr. Andrews suggested the Board get on a cycle to the point where it is ready to award grants or execute contracts at the beginning of the fiscal year.

He discussed the two grant cycles for both the Beer and Wine Boards, which includes going straight to full proposals for a statewide marketing campaign. Proposals will be received, reviewed, and awarded. Another RFP will be put out for research and marketing, and includes

a review of concept papers, requesting certain entities to submit full proposals to be evaluated by the Board, and then awards will be made. Mr. Andrews suggested this Board follow that road map.

He summarized the process by noting first to publish RFPs around the 1st of the calendar year, review full proposals and concepts papers by the end of February, meeting in late March, full proposals the end of May - beginning of June, then end of June - beginning of July meeting to score and award those full proposals as well. The Board was asked for their input regarding this timeline.

Mr. Andrews indicated the Board needs to agree on the timing of the two grant cycles and on the subject matter.

Chair Fletcher suggested promotion should be identified and regions considered separately. The first motion should be to identify the territories. Ms. Hough noted the padistillersguild.com was recently reformed and hired a promotion firm. There was discussion regarding matching grant programs.

REVIEW REQUEST FOR PROPOSALS (RFP)

Chair Fletcher suggested meetings once a month to kickstart the program. Ms. Gillespie suggested that first parameters need to be set up for the RFP. Promotional ideas were discussed. Mr. Andrews suggested that members meet and discuss what it would want included in the RFP.

Mr. Morris addressed Mr. Bowser's concern by noting there is nothing in the 11-page directive that would prohibit the Board from asking for a match. Mr. Andrews noted what elements should be included in proposals. There was discussion regarding the meaning of the word region.

A telephone call was placed to Herman Mihalich from the Pennsylvania Distillers Guild regarding RFPs, the entity used to develop the website, as to the reasoning for the nine regions.

Mr. Mihalich noted the website developer is Signature Communications in Philadelphia. He noted the Guild's website would accept event information from distilleries. The events would be placed on an event page, which drives traffic. He noted that eventually the idea was to establish a relationship outside the state with tourism people, including newspapers who write on travel. It would be like a centralized area to present it and then using that as a springboard to drive traffic back to the site and link to people publishing information about travel and visiting. Ms. Hough commented the best way to work in that direction would be to find ways to structure an RFP to promote travel magazines. Members discussed marketing options, including soliciting a visitor's bureau to market an event.

Ms. Hough summarized by noting the first RFP should go out seeking some sort of rebranding for Pennsylvania (Mr. Moser suggested Spirit of Pennsylvania) with regard to measuring data, a

website location where visitors can be measured (traffic reports), and what special words would be used. She would like to work with the Guild to have them contact all distilleries, what periodicals, digital and print, would be used, including podcasters, and whether they can get Pennsylvania recognized. Ms. Hough stated, when grant requests come in, the Board can review, which would benefit all distilleries in Pennsylvania the most. She also suggested regional approaches be addressed in the RFP. Ms. Hough suggested there be language in the RFP that there is not one type of spirit being marketed more than any other type. All types would be marketed equally.

Mr. Andrews suggested the Board make a requirement that a trade organization must work with an agency with experience in the beverage industry. He also suggested that RFP language include Pennsylvania consumer awareness of distilleries in Pennsylvania.

Mr. Andrews suggested that members would need to write down what categories to receive proposals for the second RFP.

After further discussion, Mr. Andrews summarized that the marketing RFP should include a statewide marketing proposal on behalf of the Distilled Spirits Industry wherein trade industry organization types or other collective professionals within the beverage industry who are willing to collectively carry out the rest of the proposal. An applicant must work with an accredited advertising agency with a history of working in the beverage sector. They must include marketing to support Distilled Spirits events across the Commonwealth. They must develop a regional structure to the industry by production and then apply marketing to those regions. Also, they must create a PA Spirits brand, do an upfront consumer penetration study to understand awareness of Pennsylvania produced spirits, and the Board would want to receive concise process data in all reporting.

RESOLUTION NO. 2024 - 4-APPROVAL OF FIRST RFP DRAFT

Motion by: Ellen Hough

Second: Board member

Passed: Unanimously.

To approve the RFP draft as summarized by Mr. Andrews.

WORKING LUNCH

(Discussion regarding second RFP continued)

Mr. Andrews suggested discussion regarding the second RFP to include marketing language, market research or technical assistance or innovation. There was further discussion regarding language for the second RFP.

Expanding the potato market with certain varieties better for producing alcohol was suggested.

Mr. Andrews suggested the Board include in the RFP how to develop or highlight a supply chain of local products for the Distilled Spirits industry. Another area would be the ongoing sustainability of the marketing campaign. He noted changes can always be made to RFPs.

Ms. Hough suggested language to conduct promotion, marketing and research projects to increase quality, profitability, production, and sale of distilled spirits. There was reference to Sections A,B,D,E,F.

There was discussion whether dollars that come from the PLCB can go back to the PLCB, and whether the remedy is for this Board to allocate its million dollars back to the PLCB to improve data. It was suggested that the remedy is that each of the five members go back to their appointing authorities and note the trouble distilleries are having, because the PLCB does not have a straightforward inventory system.

Members discussed ideas about how the PLCB can do better for this Board. Mr. Adams suggested that those thoughts be collected and put in writing, and then invite colleagues to come to a meeting where a resolution is proposed for a better inventory system. Members discussed a letter signed by all members being sent out to appointees. Mr. Morris advised that the last paragraph in the letter state the Board projects that the discussed changes will generate more revenue, and that is what was being pursued.

Mr. Morris explained, first, the Board can pick and choose how to spend its dollars on projects that it is funding. The second is regarding Subsection B, which is the appointing authority. The Board has a direct pipeline now to somebody who is powerful in the General Assembly or Governor's Office, cutting out the middle man and going straight to the people that make the law.

Mr. Andrews explained the second RFP is generally what the Board is interested in, and each subsequent round can be tightened up based on the actual real experience of what is developing.

Mr. Andrews pointed out the agency should do a market penetration study, which should be the last time the agency does that study as that will then be moved to a third party. An initial marketing RFP will be done, followed by a regular one, and if necessary, a small off-cycle one subject RFP can be done. There was further discussion regarding what would be appropriate to include in the penetration study and RFP.

Mr. Andrews noted having enough information for the general RFP and will send a draft to Chair Fletcher for review and edit by Board members.

RESOLUTION NO. 2024 - 5-APPROVAL OF SECOND RFP DRAFT

Motion by: Board member

Second: Board member

Passed: Unanimously.

To approve the second RFP draft as summarized by Mr. Andrews and Board members.

PROPOSAL DISCUSSION CONTINUED

Mr. Andrews summarized the schedule for proposals, noting the Request for Proposals is published around January 1. Proposals are due around February 21. The Board will have three weeks to review the proposals, which requires a system of scoring. He referred members to information concerning Beer Board proposals, which includes the following seven categories: Feasibility; links to PA's beer industry; innovation; expected impacts and outcomes; economic benefits generated; methodology and evaluation; and industry support.

Mr. Andrews summarized categories for the Wine Board as follows: 20 points for the project needs statement; 20 points for expected impact and project outcomes; 20 points for promotion marketing or research methodology; 20 points for project evaluation; and 20 points for support and participation from the industry.

He advised points be allocated in a way to add up to 100. Mr. Andrews will place scores in a spreadsheet, which will average the scores to reflect the final score. After further discussion, the Board agreed to the following categories and points: Feasibility, 20 points; support and participation from industry, 20 points; innovation, 20 points; expected impacts and outcomes, 20 points; and methodology and evaluation, 20 points.

SET MEETING SCHEDULE

Board members discussed and agreed to the following 2025 meeting dates: Wednesday, February 19, 2025, 9:00 a.m. to 11:00 a.m. as a virtual two-hour meeting; Wednesday, April 2, 2025, 10:00 a.m. to 4:00 p.m.; Wednesday, May 14, 2025, 10:00 a.m. to 12:00 p.m.; Thursday, June 26, 2025, virtual, 10:00 a.m. to 2:00 p.m.; and Wednesday, November 5, 2025, 10:00 a.m. to 1:00 p.m., in person.

OTHER BUSINESS

Mr. Andrews will soon provide information to Chair Fletcher. He noted that publications needed to be sent in to the *Pennsylvania Bulletin* two weeks ahead of time, and the publication dates are Saturdays. Once approved by Mr. Morris and his colleague, it is forwarded to the Secretary to approve and sign, and then back to Mr. Morris for publication. There was further discussion regarding contacting the Governor's Office regarding a press release.

PUBLIC COMMENT - None

Mr. Morris suggested Public Comment be limited to two minutes.

ADJOURNMENT

There being no further business, the PA Distilled Spirits Industry Promotion Program Meeting adjourned at 2:25 p.m.

Respectfully Submitted:

A handwritten signature in blue ink, reading "Rachel Wilbur-Adams", is written over a horizontal line.

Rachel Wilbur, November 6, 2024