



2016 Central/Western Regional Conference

Park Place Hotel, 300 East State Street, Traverse City, MI 49684



Conference Dates: October 23-26, 2016

Bridging the Past to the Future Business Agenda

SUNDAY, OCTOBER 23, 2016

- 2:00 PM-5:00 PM Early Registration/Help Desk: Main Lobby, Park Place Hotel
- 6:00 PM-8:00 PM Welcome Reception: Top of the Park, Park Place Hotel, 10th Floor

MONDAY, OCTOBER 24, 2016

- 7:00 AM-5:00 PM Registration/Help Desk: West Bay Ballroom Entrance
- 8:00 AM-8:30 AM Opening Ceremony: West Bay Ballroom (1st Floor)
Call to Order: Matthew Botting, NCSLA President
Welcome: MI Liquor Control Commission
Presentation of Colors/Pledge of Allegiance
- 8:30 AM-9:15 AM *Featured Speaker:* Mark Sellers, Founder & Owner of Barfly Ventures (parent company of HopCat, Stella's Lounge, The Waldron, and Grand Rapids Brewing Co.). HopCat has been rated the No. 3 Beer Bar on Planet Earth by Beer Advocate magazine and the No. 2 Beer Bar in America by the readers of CraftBeer.com.
- 9:15 AM-10:15 AM **Panel #1: Wine, Beer & Spirits Tourism, Economics, and Regulatory Challenges: Get ready to travel to the vacation destinations represented by our panelists.** Tourism involving alcoholic beverages has increased dramatically and is now becoming big business.

This rapid expansion of wine, beer, and distilled spirits production across the country is a wonderful expression of the growing art and science of the beer, wine and liquor industries. However, the often boutique nature of this growth also belies the reality that these operations are not just small creative businesses or small extensions of an agricultural operation; they really are manufacturing facilities and are subject to all of the same regulatory burdens faced by other manufacturers, and may result in legal actions by government agencies. What does it take to remain compliant with the myriad of local, state and federal regulations, including environmental, tax, human resource, workplace safety and other governmental regulations? What are the challenges and what are the solutions? Who are your partners and allies in meeting your regulatory obligations? What is the role of the regulator in promoting economic development?

Moderator: Michael Johnston, VP of Government Affairs, MI Manufacturers Association

Panelists:

- Gordon Wenk, Chief Deputy Dir., MI Dept. of Agriculture & Rural Development and Chair, MI Grape & Wine Industry Council
- Steve J. Gross, Vice-President, State Relations, Wine Institute
- Brad Stevenson, Chief Production Officer, Founders Brewing Co.
- Kristin Meadors Baldwin, Director Governmental & Regulatory Affairs, Kentucky Distillers' Assoc.

- 10:15 AM-10:30 AM Morning Break (West Bay Ballroom Dome)



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10:30 AM-11:30 AM **Panel #2: Millennials: The View of the World is Changing...and Fast.**

The all-American dream of white picket fences surrounding expansive lawns and big houses seems to be fading with the Millennial Generation. Amongst this generation, fewer and fewer are buying cars - or even choosing to obtain a driver's license. A growing number of Millennials choose to live and play in the same areas, turning to new systems such as Lyft and Uber when travel is required. They are the generation of app-augmented reality, where a cup of coffee can be ordered and paid for using a phone, before it is simply grabbed off the counter - sans waiting in line. They are the generation of endless free beer within their "We Work, We Live" shared living/working environment. And who amongst them has time to cook? Many rely upon friends or neighbors, if services like "Josephine" is available in your area, for home-cooked meals - perhaps served with alcohol. The more adventurous utilize online services to receive pre-portioned meals (light chopping required) at their doorstep, conveniently shipped alongside a paired bottle of wine.

Where does the line fall between third party apps and newspaper sales flyers? Third parties may not be allowed to *deliver* alcohol on behalf of a retailer in some states, but third parties are able to *buy* on behalf of consumers. How will all of this be regulated? Should it be regulated? Can it be adequately regulated? Where should the legal lines be drawn?

The "wants" of a new generation drive policy decisions. Alcohol regulations viewed in a vacuum are subject to constitutional challenges, such as 1st Amendment rights and the Commerce Clause. Will regulators acknowledge how the market works today and into the future? Will Millennials *need* the three-tier system, or will the Internet become a tier on its own? Will Millennials *own* businesses in different tiers? Does the reality of their world provide a justification for permitting them to blur the tiers? Millennials are influencing policy and becoming the decision makers. So many apps....so little time. Come explore the changing world of "I want it my way, and I want it now," and then look forward to the next panel with regulators addressing many of these issues from their standpoint.

Moderator: Megan Eagan (Millennial), State Manager-MI, Brown-Forman

Panelists:

Adam Chafetz, CEO, Health Communications Inc. (TIPS)

Brett Shuck (Millennial), MI Market Manager, Bacardi USA

Michael Brower (Millennial), Attorney/Brewer/Distiller/Adjunct Professor MSU

11:30 AM-12:30 PM **Panel #3: Social Media – Can Regulators Keep Pace with the Changing Marketplace or Will Regulators and the Regulatory System Fall Subject to “Adverse Possession”?**

Social media apps are exploding like fireworks. The marketplace is full of new ideas, some lasting and most fleeting but all intending to respond to evolving consumer behaviors and expectations. Many regulators are constantly being challenged to flex their minds and interpret old regulations in new ways. To what extent should



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a regulator attempt creative applications of dated statutory language before requiring a new law or regulation to fit modern day consumerism? Will regulators continue to "wait and see" until lawmakers decide to update laws to reflect current realities, or will they be partners to the entrepreneurial dynamos? What should the laws look like, especially in light of 1st Amendment rights? Come watch a lively discussion with these regulators.

Moderator: Nidhi Kumar, General Counsel, Drizly

Panelists:

Matthew Botting, General Counsel, CA Dept. of Alcoholic Beverage Control

Teri Quimby, Commissioner, MI Liquor Control Commission

David Rothenberg, Hearing Judge/Executive Secretary, IN Alcohol & Tobacco Commission

12:30 PM-1:30 PM Networking Lunch (Lakes Rooms, Lower Level)
Roll Call of States and Associate Members

1:30 PM-2:30 PM **Panel #4: Process Improvement: Implementing Changes for More Efficiency Inside of the Agency, as Well as for the Customers and Tax Payers.**

Why are we doing what we're doing? That is the question...but not all regulators are asking this. Some states have succeeded in revising the way the agency is doing business. What are they doing, why and how are they doing it? Are rules being reviewed? Are laws being reviewed? How can the non-regulators assist the regulators? How can attorneys using these rules and regulations help? Learn tips from these experts.

Moderator: Scott Ellis, Executive Director, MI Licensed Beverage Association

Panelists:

Andrew Deloney, Chair, MI Liquor Control Commission

David Edmunds, Deputy Commissioner, NY State Liquor Authority

Adam Sandoval, Director, Office of Regulatory Reinvention

David Brandon, Asst. Director Information Resources Div., TX Alcoholic Beverage Commission

2:30 PM-2:45 PM Afternoon Break (West Bay Ballroom Dome)



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2:45 PM-4:15 PM **Panel #5: Alcoholic Beverage Control & Economic Development**

Liquor laws, ordinances and governmental policy can have a very positive or negative impact on economic development in our communities. The availability or unavailability of a liquor license has a major impact on the viability of new development and the opening of new businesses. What role does an alcoholic beverage control agency play in economic development, and should it play a role at all? How many liquor licenses in a community is enough, and who should determine that number? What role do churches, schools and neighbors play in the liquor license application process? Will current laws withstand judicial scrutiny? Learn how Detroit, Grand Rapids and other communities in Michigan are using liquor licenses to promote economic development. We will also discuss challenges the hospitality industry faces as a result of the quota license system and other archaic laws and policies that are inconsistent with promoting economic growth.

Moderator: J. Patrick Howe, Attorney, JPHowe, PLLC, MI

Panelists:

Kristopher Larson, President & CEO, Downtown Grand Rapids Inc.

Sue Mosey, Executive Director, Midtown Detroit, Inc.

Kees Janeway, Principal, Kees Corporation

TUESDAY, OCTOBER 25, 2016

9:00 AM-10:00 AM **Panel #6: Getting From Here to There: Pack It, Seal It, Address It and Then What?**

Many issues are involved with shipping alcohol under federal and state requirements. What methods of age verification are effective? Why do distinctions exist between beer, wine and spirits? Where do third party shippers fit into this regulatory system? Some states offer licenses for common carriers; some don't. Other laws may apply, such as Commerce Clause, Uniform Commercial Code, tax codes, and others. How can the myriad of federal and state regulations be carefully navigated to avoid legal potholes?

Moderator: Kate Hardy, Partner, Strike & Techel

Panelists:

Lindsay Bard, Sr. Attorney-Regulatory Law Group, FedEx Ground

Alex Koral, Product Compliance Manager, Sovos Compliance

Don McGehee, Division Chief, Alcohol & Gambling Div., Office of MI Attorney General

Kelly Martin, Director of Regulatory Compliance, Direct Wines, Inc.

10:00 AM-10:15 AM Morning Break (West Bay Ballroom Dome)



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10:15 AM-11:15 AM **Panel #7: Alco-Trends: What Are the Trends Changing Alcohol Regulation?**

The past 30 years have been an incredibly dynamic time for alcoholic beverages. New entrants have flocked to the beer, spirits, and wine markets. Super-premiumization and the cocktail craze have lifted median consumer tastes. Today, consumers have access to more and better products than ever before. But this does not mean things soon will settle down. On the contrary, we are entering a period of even more fundamental disruptions in the drinks market that will create additional challenges for regulators. What type(s) of disintermediation are we headed into? Come join the presentation and discussion of the alco-trends driven by technology, the Internet, laws, and more.

Speaker: Kevin R. Kosar, Senior Fellow, R Street Institute, Washington, DC

11:15 AM-12:15 AM **PANEL #8: Wholesale Issues and Franchise Laws: The Past and Present**

The United States alcohol regulatory system has been likened to an hourglass, in which alcohol from suppliers is funneled through in-state distributors on its way to retailers. One of the goals of this approach is that distributors serve as the buffer between suppliers and retailers to insulate retailers from undue pressure to over-market, over-promote, or over-sell alcohol. Franchise laws have evolved to insure that distributors have certain protections from being summarily terminated so that they can maintain this regulatory structure. Some manufacturers, however, argue that this has created a monopolistic culture in which distributors don't offer necessary brand support yet can't be terminated without a fight.

In many states, some manufacturers have successfully sought exemptions from these rules. Are these exemptions pulling a thread that may unravel the regulatory fabric in these states? Some argue that they thrive despite the three tier system. Wholesalers say the industry is growing because of the three tier system.

Our current regulatory structures have effectively regulated alcohol for decades and delivered unprecedented choice and value. Contrast the regulation of alcohol, for instance, with soft drinks. Do we continue down the slippery slope of deregulation or do we continue to distinguish alcohol from other products from a regulatory perspective?

Moderator: James Webster, Senior Partner, Webster Powell PC

Panelists:

Michael D. Madigan, Managing Shareholder, Madigan, Dahl & Harlan, MN

G. Christopher Bernard, Member, Bodman LLC

Larry Bell, President, Bell's Brewery

Brien Fox, CEO, Henry A. Fox Sales



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12:15 PM-1:30 PM Networking Lunch (Lakes Rooms, Lower Level)

1:30 PM-2:30 PM **Panel #9: Retail Challenges**

Retailers are faced with various challenges. Once licensed, the establishment needs to stay in business by selling products to consumers. What do the consumers want? How are consumer “needs” being met? How can all of this be accomplished in a responsible manner? Are retailers too comfortable thinking the staff has enough training, or can more be done? From fines to promotions to tastings and samplings: why are there so many compliance and enforcement variations from state to state? Are actual standards in place, or are they completely or partially subjective? Is it appropriate, and when, to provide incentives for compliance? After all, the goal of the regulator is compliance with the law, not the imposition of punitive sanctions for violations.....or is it?

Moderator: Sandra Cotter, Member, Dykema Gossett

Panelists:

Scott Ellis, Executive Director, MI Licensed Beverage Association

Stanley J. Wolowski, Associate, Flaherty & O’Hara

Jason Geissler, Asst. Atty. General, Alcohol & Gambling Div., Office of MI Attorney Gen.

2:30 PM-2:45 PM Afternoon Break (West Bay Ballroom Dome)

2:45 PM-4:00 PM **Panel #10: Spirit Products 101: Understanding These Regulated Products and Businesses**

Spirits have such a storied history! Learn about some of the people, historical places, and some of the stories that have evolved the spirits industry and the regulation of it, since the time of Moonshiners, Rum Runners and Prohibition. Do you know where the term “Bootlegger” really came from? Or about Hiram Walker’s tunnel under the Detroit River? Did you know that Joe Kennedy was in the whiskey business? And what the Black Forest is? And what is the difference between “whiskey” and “bourbon”? Join this panel as they discuss these fun facts and more that changed history before, during and after the 18th and 21st Amendments.

Moderator: Brian Pizzuti, VP Sales, Republic National Distributing Co. (RNDC) of MI

Panelists:

Keith Keeler, VP Sales, Milestone Brands

Mary Tortorice, Chief Compliance Officer, Sazerac Company

Kevin Wood, Regional Manager-West Control States, William Grant & Sons Inc.

Tony Mitchell, Regional CAM, Brown-Forman

Jared Rapp, Co-Founder & CEO, Traverse City Whiskey Co.



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WEDNESDAY, OCTOBER 26, 2016

9:00 AM-10:00 AM **PANEL #11: Preparing Workers of Tomorrow**

Working at a winery, brewery, or distillery requires expertise. Knowledge of the process is also relevant for a variety of positions in the three tiers. Michigan's colleges and universities are offering distinctly different opportunities to train students for careers for positions in this industry. Can these programs produce alcoholic beverages? Can the students taste them? Can they sell them? Can they serve them? What about institution policies related to alcohol? Did you know that Michigan State University created the first artisan distilling program? And Western Michigan University has the Nation's 1st Sustainable Brewing Bachelor's Program focused on sustainable brewing practices? Each college and university program is different and has had different challenges under the laws and regulations – hear experts about these programs and economic impacts.

Moderator: Tino Breithaupt, Senior VP, National and Global Business Development, Michigan Economic Development Corporation

Panelists:

Prof. Kris Berglund, Ph.D., Distinguished Professor of Food Science & Chemical Engineering, Michigan State University

Dr. Steve Bertman, Professor of Chemistry & Faculty Advisor for the Sustainable Brewing Program at Western MI University

Lucy Farber, Operations Manager, St. George Spirits, Inc., & Chair, State Regulatory Committee, California Artisanal Distillers Guild.

10:00 AM-11:30 AM **Panel #12: The Future of Craft Beer – Can the Explosive Growth of Craft Beer Be Sustained, or Are We Approaching Peak Craft Beer?**

There are now more brewers and beer brands than ever before in history. How many more brewers and brands can the market accommodate? Will the craft of making beer continue to evolve into an even greater art, with lesser quality offerings dying off? Will the market segment into tiers, giving consumers a variety of qualities of craft beer? Will the U.S. market become sub-markets by region or localities, following a "buy local" trend? Will consolidations, acquisitions by the big three, and mergers continue? Will regulatory enforcement and other litigation impact this? Our panel of experts and people in the business will discuss these and other topics as the conversation flows.

Moderator: R.J. O'Hara, Attorney, Flaherty & O'Hara

Panelists:

John Dunham, President, John Dunham & Associates

Scott Newman-Bale, Partner, Short's Brewing Co.

Paul Gatza, Director, Brewers Association

Jason Kasdorf, Manager, 7 Monks Taproom