



FBWA ANNUAL  
MEMBERSHIP MEETING

SEPTEMBER 17, 2024

# MEMBERSHIP MEETING AGENDA

**Call To Order**

**David Bear, Chairman**

**Secretary's Report**

**George Halper**

**Review & Approval of Minutes**

**Secretary/Treasurer**

**Membership Meeting – December 6, 2022**

**Financial Update**

**Jared Ross, President**

**FBWA Governance Meeting (Zoom)**

**Jared Ross**

**FBWA Single Voice Initiative**

**Ken Daley, Immediate Past Chairman**

**Hemp Consumable Products Update**

**Jared Ross, President**

**Adjournment**

**David Bear, Chairman**

# FBWA STATEMENT OF ANTITRUST POLICY

The United States antitrust laws were enacted to preserve the free enterprise system, to promote competition, and to protect the public and other businesses from exclusionary or predatory trade practices. The Florida Beer Wholesalers Association and its Members are best served by strict adherence to the antitrust laws. The FBWA shall at all times promote vigorous competition in compliance with these laws.

The FBWA's policy includes compliance with the spirit as well as the letter of the antitrust laws. This requires the understanding and cooperation of each FBWA Member and staff employee. It is their personal obligation and responsibility to act in a manner consistent with the nation's antitrust laws.

Because of the scope and intricacy of antitrust laws, FBWA Members and staff, must be sensitive to activities raising potential problems under antitrust laws.

# ACCESS TO DOCUMENTS

- All minutes and other documents are available on the FBWA website. To access them visit:
  - <https://fbwa.com/fbwa-2024-membership-meeting/>

# 2024 FINANCIAL UPDATE

- The 2023 Audit is complete and has been reviewed by David, Matt, and George.
- The only significant recommendation was to have more segregation of duties in regard to monthly bank statements, hard copy of checks, etc. While this was not captured in the audit, this is already being done, as Jared receives the monthly bank statements electronically. Going forward, he will be passing an approval along to Jordan for record keeping to ensure this recommendation is enacted.

# 2024 FINANCIAL UPDATE

## Florida Beer Wholesalers Association

### Profit and Loss

January 1 - September 13, 2024

	Total	2024 Budget
<b>Income</b>		
Membership Dues	742,961	985,477
Refunds to customers	43	0
Sponsorships	74,000	80,000
<b>Total Income</b>	<b>817,004</b>	<b>1,045,477</b>
<b>Gross Profit</b>	<b>817,004</b>	<b>1,045,477</b>
<b>Expenses</b>		
Advertising & marketing	36,000	85,000
Annual Meeting	8,000	66,000
Building & property rent	35,873	48,240
Cell Phone	800	1,200
Donations & Flowers	1,308	10,062
General business expenses		
Bank fees & service charges	3,090	30
<b>Total General business expenses</b>	<b>3,090</b>	<b>30</b>
Insurance		
Business insurance	5,951	7,300
<b>Total Insurance</b>	<b>5,951</b>	<b>7,300</b>
Legal & accounting services	19,923	21,800
Legal fees	37,055	72,000
<b>Total Legal &amp; accounting services</b>	<b>56,978</b>	<b>93,800</b>
Lobbyist Fees	110,800	150,775
Meals	2,624	5,000
Membership Meetings	6,841	10,000
Memberships & subscriptions	2,691	7,250
Office expenses	224	2,338
Office supplies	1,777	2,000
Software & apps	11,615	800
<b>Total Office expenses</b>	<b>13,616</b>	<b>5,138</b>
Payroll expenses	328	2,200
Dental Insurance	1,480	2,200
Employee benefits		
Employee retirement plans	13,232	20,000
Health & accident plans	18,491	30,000
<b>Total Employee benefits</b>	<b>31,724</b>	<b>50,000</b>
Payroll taxes	17,405	22,000
Salaries	52,100	78,750
Salaries Officer	191,033	288,750
<b>Total Payroll expenses</b>	<b>294,049</b>	<b>443,900</b>

Production Videos	18,000	25,000
QuickBooks Payments Fees	734	1,440
Technology Services	1,870	3,214
Travel	7,641	11,350
Airfare	1,919	3,000
Automobile Expense	2,294	5,000
Hotels	4,549	7,500
Parking & tolls	325	600
Taxis or shared rides	210	550
<b>Total Travel</b>	<b>16,938</b>	<b>28,000</b>
Utilities		
Telephone, Internet & Cable	3,106	5,220
<b>Total Utilities</b>	<b>3,106</b>	<b>5,220</b>
Website	1,786	1,788
<b>Total Expenses</b>	<b>620,855</b>	<b>998,355</b>
<b>Net Operating Income</b>	<b>196,149</b>	<b>47,122</b>
<b>Other Income</b>		
Other income		
Interest Income	29,777	30,000
<b>Total Other income</b>	<b>29,777</b>	<b>30,000</b>
Unrealized Gains/Losses	-314	0
<b>Total Other Income</b>	<b>29,463</b>	<b>30,000</b>
<b>Net Other Income</b>	<b>29,463</b>	<b>30,000</b>
<b>Net Income</b>	<b>225,611</b>	<b>77,122</b>

# 2024 FINANCIAL UPDATE

- Financials as of 9/13/2024:
  - Total YTD Revenue: \$846,467
  - Total YTD Expenses: \$620,855
  - Net YTD Income: \$225,612
- 2024 Budget:
  - Total Budgeted Revenue: \$1,075,477
  - Total Budgeted Expenses: \$998,355
  - Net Budgeted Income: \$77,122
- On the current track, we will come in well ahead on Net Income due to some operating cost savings and more revenue than expected.

# 2024 FINANCIAL UPDATE

- Current Cash on Hand:
  - Hancock Whitney Operating Account: \$231,889.36
  - Hancock Whitney Money Market Account: \$175,013.15
  - Fidelity Investment Account: \$1,085,764.35
  - **Total:** **\$1,492,666.86**
- Goal of reserves was to have one year's operating expenses in reserves and we have exceeded that with our Fidelity Account alone.



# 2024 FBWA GOVERNANCE MEETING

**SAVE THE DATE:**

**THURSDAY, DECEMBER 12, 10AM EASTERN - ZOOM**

- Election of Board Members
  - Approval of 2023 Audit
  - Approval of 2025 Budget
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# FBWA/BIF CONSOLIDATION

(aka - Evolving to a Single Voice)

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# FRAMEWORK OF SINGLE VOICE ASSOCIATION

- All five BIF members join the FBWA effective **12/1/24** (Cone, Goldring, Champion, Perrott, Taylor).
  - The 12/1 join date allows them to be voting members at the December governance meeting (Date TBD).
  - New FBWA members officially start paying dues in January 2025.
  - The total member composition: 16AB/7MC/23total. 70%/30% split.
- **Board/Governance**
  - The Single Voice Committee will serve as the nominating committee for the 2025 board seats.
  - One person from an incoming BIF member will join the board on 1/1/25.
  - This person will be elected to the board regardless of the results of the by-law nomination process.
  - The composition of the 2025 board will include Frank Schwiep (Reyes) and one new BIF member.
  - The board for 2025 will be 5AB/2MC/7Total. 71%/29% - so almost identical to the above membership split.
- One new FBWA member (formerly BIF) will have a seat on the 2025 Board Nominating Committee.
- 2026 and beyond, the nominating committee will be appointed by the then Chair.
  - Board seats will be filled by people from members who are most competent, engaged, and willing to serve as elected by the membership.



# HEMP CONSUMABLE PRODUCTS UPDATE

- Brief Timeline Since the end of the 2024 Legislative Session:
  - In May, FBWA began meeting with partners re: Hemp Beverages
  - Have held several meetings with BIF, WSWF, and FISA.
  - Have met with the Hemp Beverage Alliance, members of the Cannabis Beverage Council, and Healthy Alternatives.
  - Gathered legislation and draft legislation from several other states for review.
  - Reviewed model THC legislation from other potential partners.
- Along with this, the FBWA Board has met multiple times to discuss the issue of Hemp Beverages and legislation for the regulation of these products.
- The following is FBWA's guiding principles on what should be included in such legislation.

# HEMP CONSUMABLE PRODUCTS UPDATE

- Hemp Consumable Products should be kept separate from the Beverage Law
    - It would be beneficial to not open the Beverage Law so there are no unintended consequences.
  - The basis for this legislation should start with a model like the Beverage Law, with an emphasis on how malt/beer is regulated. The overriding principles must be public safety and accountability. However, it is important to keep focus away from Beverage Law – you never want unintended consequences.
  - While the legislation should be modeled after the Beverage Law, there will need to be things that we are okay with not being included through the negotiation process.
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# HEMP CONSUMABLE PRODUCTS UPDATE

- Key items to include:
    - Tied House Evil
    - Beer Relations/No Vertical Integration
    - Exclusive Sales Territories
    - Record keeping like malt/beer
    - Cash on delivery with ability to charge more for credit
    - Rulemaking authority for regulating entity
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# HEMP CONSUMABLE PRODUCTS UPDATE

## FLORIDA BEVERAGE LAW

- Regulated by DBPR/DABT
- Excise Tax
- Licensing Requirements/Low Proof Product
- Tied House Evil
- In-Store Servicing
- Legislative Intent

## HEMP LEGISLATION

- Would like to be under DBPR/DABT – including enforcement
- Must include an excise tax
- Must have licensing requirements/separation of where products can be sold (10mg vs. 10+mg)
- Must have Tied House Evil laws – similar, if not exactly like alcohol (signage, financial assistance, etc.)
- Include language related to in-store servicing
- Include Legislative Intent with responsibility and accountability being overall principles



# HEMP CONSUMABLE PRODUCTS UPDATE

## FLORIDA BEVERAGE LAW

- Exclusive Sales Territories
- No cross-tier ownership
- Franchise Protection
- Does not allow for self-distribution or direct to consumer
- Marketing
- Allows for rulemaking by regulatory agency

## HEMP LEGISLATION

- Include exclusive sales territories for enforcement and accountability purposes
- Keep tiers separate
- Look at including any type of franchise protection
- Keep out self-distribution of any kind and avoid allowances for direct to consumer
- Marketing restrictions for safety
- Must allow for rulemaking authority

# HEMP CONSUMABLE PRODUCTS UPDATE

- Next Steps:
  - Today's discussion and buy in from the Membership to move forward with legislation to regulate Hemp Consumable Products
  - Working with other stakeholders and interested parties to draft legislation
  - December 2<sup>nd</sup> – Interim Committees Begin
  - March 4<sup>th</sup> – Legislative Session begins – all bills must be filed for introduction by noon

# APPENDIX: FBWA/BIF CONSOLIDATION BACKGROUND INFO

(aka - Evolving to a Single Voice)

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# OVERVIEW

- At last December's Annual Meeting, we discussed the potential for the Florida Beer Wholesalers Association (FBWA) and Beer Industry of Florida (BIF) to “merge” and become one association. Throughout the discussion, it became clear that the best path forward was to offer BIF the opportunity to join the FBWA, as opposed to creating an entirely new entity.
  - Since then, Ken Daley, Kevin Bowler and John Williams have been continuing to meet with Doug Cone (Cone Distributing), Jacob Benton (Champion Brands) and Rebecca Maisel (Gulf Distributing Holdings, Inc.) to discuss this best path forward.
  - Ken has been updating the Board periodically since these discussions started and we are now at the point to make a decision on our path forward.
  - The following background slides are a reminder of what was discussed last year.
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# BACKGROUND – PART I (FROM 2023 ANNUAL MEETING)

- The FBWA and BIF created a sub-committee in 2016, and over the course of two years, the sub-committee worked on the consolidation effort in addition to coordinating legislative matters.
  - Members of the sub-committee:
    - Kevin Bowler and Doug Cone (respective Association Chairs, and co-chairs of the sub-committee)
    - FBWA Board Members: Johnston, Daley, Burkhardt
    - BIF Board Member: Taylor
    - Execs: Rubin, Criss
    - Other FBWA members of the board when this started:
      - Vroman, Kiene, Bear
- Legislative issues of the day:
  - We were in the shadow of the Growler bill
  - Glassware
  - Theme Parks
  - Cider definition
  - FBG bringing a Franchise Bill/ including Self Distribution

# BACKGROUND – PART II (CONT'D) (FROM 2023 ANNUAL MEETING)

- Consolidation elements discussed in 2016-2018
  - Membership
    - Members - some trust issues bubbled up with roots in competitive behavior between existing BIF and FBWA members
    - Discussed reaching out to other Malt distributors (ie, Cavalier)
    - Discussed reaching out to W&S distributors who sell malt (ie, RNDC)
    - Discussed Associate members - (ie, Brewers)
  - Executive/Staff
    - Mitch/Eric - there were relationship issues, head-butting, and very different personalities/ skill sets.
    - Who would lead if both were hired on Executive Staff?

# BACKGROUND – PART II (CONT'D) (FROM 2023 ANNUAL MEETING)

- Governance
  - Board Structure
    - Balancing the number by primary supplier
      - 5 AB
      - 5 Miller Coors
    - One vote per board member
    - "Super-authority" rests with the board
      - One option: Need to survey membership if the board is not at consensus; otherwise, the board has full authority
      - Another: defined matters that needed a full membership vote
    - Three-year terms
    - Mandatory board seat rotation over nine years: all companies seat a board member
    - Chair to rotate between primary suppliers like NBWA
  - Executive Committee
    - Discussed, at one point, it became too complicated, so it was ditched, as the board was the best subset of membership needed. Later, it was added back in. It's a matter for discussion.
  - We discussed formalizing observers, succession planning, and even numbers from each primary supplier group.

# RESULT OF 2016 - 2018 EXPLORATORY EFFORT (FROM 2023 ANNUAL MEETING)

- The effort to consolidate hit a wall and both organizations decided to pause the effort...
- Decided to continue to coordinate closely on all legislative matters.



# WHAT'S CHANGED SINCE 2018? (FROM 2023 ANNUAL MEETING)

- Membership
  - Consolidation - five fewer ABI wholesalers (Peace River, Coastal, Burkhardt, Double Eagle, Brown)
  - Wholesaler Leadership evolutions across the State
    - Next Gen leaders are following family leadership in many wholesalerships... the direct connection to the birth of both Associations is dwindling.
    - FBWA - Bear, NFS, Pepin, Great Bay, Little, City, Carrol, Gold Coast
    - BIF - Taylor, Champion, Goldring
- Executive
  - Mitch's passing, hiring of Jared Ross
  - Eric Criss left BIF, hiring of Justin Hollis
  - Jared and Justin are very unified in their approach to the legislature, with complementary skills.
- Legislative/Marketplace Regulatory Impacts
  - FBG is constantly chirping about Self Distribution and Franchise
  - The rise of RTD's and more power and influence of the Spirits segment of the industry
  - Leadership desire to eliminate "food fights "
  - Blue Cloud
  - Alcoholic versions of non-Alc brands
  - Extension of last-mile delivery to consumers by third-party delivery companies
- Political environment
  - Continued flipping/educating of legislators
  - DeSantis called to rip down three-tier
  - Rogue legislators - de-regulate

# WHAT'S THE WHY? (FROM 2023 ANNUAL MEETING)

- #1 has always been - to protect the three-tier system and, by extension, the enterprise value of our businesses.
- Fulfill the By-Laws and Constitution of the FBWA
  - By-Laws
    - The purposes of the Association shall be as stated in Article II of the Constitution
  - Constitution Article II
    - Section 1. To promote better relations between the public and the beer industry;
    - Section 2. To solicit recognition and acceptance of the beer industry as a desirable and necessary part of Florida's social and economic life;
    - Section 3. To encourage all retailers, distributors and brewers to conduct their businesses on such a high plane that they will reflect only good upon the industry;
    - Section 4. To improve business relations between all members of the industry;
    - Section 5. To cooperate with and assist the Department of Business and Professional Regulation and all governmental agencies in maintaining proper conduct of the industry;
    - Section 6. To provide a clear line of communication and response between our segment of the Industry and the decision-makers and regulators of our businesses at the state level;
- Section 7. To work in unison to improve our collective and separate service to the public.
- Section 8. To carry out the above purposes under the Constitution and the By-Laws adopted for the regulation of the Association.
- Assure all messaging is unified.
- Simplify our messaging so all legislators clearly understand it... ie, Single Voice
- Mirror other states - only CA, TX, KY, and FL have two State Associations. Forty-eight have one State Association.
- Net - the argument is that a Single Association would be a better way to interface with the Legislature and the DABT.

# WHAT'S THE HOW? (FROM 2023 ANNUAL MEETING)

- A single association
  - Jared, Justin, and Jordan would staff the Association.
  - Need to decide how to organize Jared and Justin.
  - FBWA and BIF Lobbyists would be retained.
  - The budget would be allocated amongst all members in a similar manner to the current one.
  - Potential for lower dues per member due to scale, but cost savings is not the goal
- Options:
  - Merge one of the Associations into the other (or one "acquires" the other)
  - Create a new organization ; members resign from both existing associations and join the new association
  - Members from one resign it and join the other