

PENNSYLVANIA MALT AND BREWED BEVERAGE INDUSTRY PROMOTION BOARD

**Minutes of the July 12, 2023
MS Teams Virtual Board Meeting**

Public notice of the July 12, 2023 Pennsylvania Malt and Brewed Beverage Industry Promotion Board Meeting was given as stipulated by the Sunshine Law.

CALL TO ORDER

The meeting was called to order at 9:00 a.m. Board members in attendance virtually included William C. Brock, Chairman; Sean C. Casey; Frank Pistella; and Jeffrey Reeder.

Christian T. Lampe and Michele Meloy Burchfield were not present.

Also present virtually were Patrick Andrews, Chief, Market Development, PA Department of Agriculture; Holly Zarefoss, Administrative Assistant for Commodities; and Adam Morris, Esquire, Assistant Counsel.

In attendance virtually: Dr. John Matter, Juniata College; Mark Brault, Deer Creek Malthouse; Brendan Carroll, CNC Malt; Kim McKinnish, COO, NBWA; and Andrew Patrick.

Mr. Reeder thanked Ms. McKinnish for attending this meeting and commended the work of the NBWA.

APPROVAL OF MINUTES

RESOLUTION NO. 2023.10-APPROVAL OF MINUTES

Motion by: Sean Casey

Second by: Frank Pistella

Passed: Unanimously.

To approve the Minutes of the May 10, 2023 meeting.

NBWA IMPROVEMENT PROGRAMS

Kim McKinnish, COO, National Beer Wholesalers Association (NBWA), provided a brief summary of her professional background. She noted that NBWA was launched with the full purpose of growing the beer category and stemming the growth of wine and spirits with the development of tools to be used by the industry. Members were referred to chart information for comparison of beer consumption data and its decline in the alcohol beverage market share. Ms. McKinnish discussed several components to the Beer First initiative, including a tool kit for all distributors containing Beer First sell sheets, on and off premise calculator, and a Beer First certification training program, all of which can be accessed on an app. She also mentioned the Beer First Friday and Long Days of Summer concepts as an on-premise promotions to celebrate

beer and show support for on-premise partners. Generic beer videos will be used on social media. Coasters with QR codes shares examples of celebrating with beer and links to recipes and media posts. Other social media concepts were noted including food pairing with beer.

Ms. McKinnish noted that all of these assets are accessible by anyone in the beer industry for use in whatever format to promote beer. Targeting a big beer market such as Philadelphia and teaming up with an entity to manage a project to establish a Beer Lift category in Pennsylvania would be effective.

There was discussion regarding whether there would be any interest in a partnership with the Board. Members had questions and comments.

PA GRAIN INDUSTRY

Brendan Carroll, CNC Malt, and Mark Brault, Deer Creek Malthouse, presented before the Board regarding the PA Grain Industry. Mr. Carroll addressed the state of Pennsylvania grains and the beer industry. Mr. Brault had slides prepared for the presentation.

Mr. Brault provided a brief history of the industry since 2012. He stated an Ag guide from Penn State provides great subject matter for experts, including himself and Mr. Carroll, and there are testing labs available. He noted that much of the early work was dedicated to the Ag side and farming business, but over 300 Pennsylvania brewers had been serviced. Annually there are 25 farmers engaged in malt and barley, and a lot of malt is coming out of state and country.

It was noted that EU is still one of the largest producers of this global commodity and North Dakota, Montana, Idaho, yields most of the malt in the United States. Pennsylvania grows small grains which makes up approximately 15 percent, which includes wheat, oats, rye and barley, and the barley is primarily grown for feed.

Mr. Brault discussed the uses of grain which includes food, beer and craft spirits. Specialty grains have been the focus over the last few years including spelt which requires additional processing. He explained that besides selling to distilleries and breweries, a small portion goes to food and direct to consumer.

He stated there are year-round customers who brew beer consistently and are engaged and committed, and there are some who have used it once and had not used it again or have closed. He indicated that by volumes these committed customers are using a lot or more than 75 percent local PA grain and malt at the brand level or brewery level.

Mr. Brault referred members to the the list of these committed customers. He stated there are three malt houses currently in operation in Pennsylvania, including Double Eagle, CNC, and Deer Creek Malthouse. He noted sales out of state. Local malt was noted to cost two times as much as commodity malt.

Mr. Brault indicated that he, Brendan and Alan Gladish from Double Eagle have analyzed the current state of the grain industry to help understand where the most value can be added. He

highlighted the importance of the work they are doing and the funding that the Board is providing. He talked about a national Craft Maltsters Guild and the Common Grain Alliance which is a regional grain advocacy organization in the Mid Atlantic, as well as consumer education and brewer education to provide market feedback. More attendance by grain farmers, maltsters and grain businesses at the Pennsylvania Farm Show would be a marketing opportunity as well as reinvigorating the PA Preferred Brew Program over the next few years.

He noted that climate change has been a topic of conversation at American Malting Barley Association (AMBA) and (NBIC) National Barley Improvement Committee. There was discussion with regard to de-commoditizing and building a specialty marketplace which is tough right now due to less consumer spending. Those who had previously supported the industry in the Mid-Atlantic have retired and haven't been replaced. Credits for grain growers are provided in other parts of the world which will make it harder to compete. There were questions by the Board. Mr. Andrews requested further information regarding a Virginia Tech hops breeder who is one of the few in the Mid-Atlantic involved with the industry. He noted the Board would have further discussion regarding the grain industry in early August.

FULL PROPOSAL REVIEW AND APPROVAL

Mr. Andrews referred members to information regarding full proposals for further discussion. A minimal ask from some of the ale trails already funded would have made the proposals a lot stronger. Mr. Andrews suggested modification of the RFP next year to require matching funds for trails. He explained that research proposals are 18-month contracts, marketing is 12 months. Chair Brock and other members commended Mr. Andrews on the new format.

There was discussion regarding how proposals are graded and cash and in-kind matching funds. Mr. Andrews suggested a committee of Board members to review guidelines around matching funds and sweat equity to incorporate into the RFP and evaluation.

A show on the maltsters, retailers and wholesalers would be included in feedback. Contact information from respective Board member associations would be mailed in.

It was noted that applicants would receive a response between early September and mid-October.

APPROVAL OF FUNDING

RESOLUTION NO. 2023.11-APPROVAL OF FUNDING

Motion by: Sean Casey

Second by: Frank Pistella

Passed: Unanimously.

To allocate funding for Lancaster in the amount of \$10,000, Cheers PA Season II not to exceed \$490,000 with the caveat that they put an episode out on the maltsters and barley growers, the distributor network and the wholesaler network.

APPROVAL OF INCREASE IN FUNDING

RESOLUTION NO. 2023.12-APPROVAL OF INCREASE IN FUNDING

Motion by: Sean Casey

Second by: Frank Pistella

Passed: Unanimously.

To increase the funding allocation for Lancaster to \$10,000 and includes the maltsters, retailers and wholesalers and removes the run from Montco Makers Passport reducing it to \$60,000.

APPROVAL OF GRANTS AS AMENDED

RESOLUTION NO. 2023.13-APPROVAL OF GRANTS AS AMENDED

Motion by: Sean Casey

Second by: Frank Pistella

Passed: Unanimously.

To approve all 16 grant applications with stipulations as amended.

(WHEREUPON A PAUSE IN THE RECORD WAS HELD.)

NEW BUSINESS

Chair Brock noted his term as Chair ends in December and suggested that Mr. Andrews reach out to the Senate Pro Tempe for discussion regarding the matter.

There was discussion regarding whether approved grants could be sent on to the PLCB for review by their Counsel to seek a quicker vote and whether Ms. Williams could facilitate in the future. Mr. Andrews will update the Board regarding the matter.

Mr. Andrews will provide amended sections of the RFP to Chair Brock. An amendment to the scoring matrix and a single tab workbook containing the evaluation piece would also be provided.

ADJOURN

RESOLUTION NO. 2023.14-TO ADJOURN

Motion by: Sean Casey

Second by: Frank Pistella

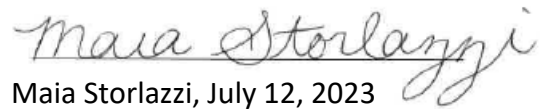
Passed: Unanimously.

A motion to adjourn the meeting.

There being no further business, the PA Malt and Brewed Beverage Industry Promotion Board Meeting adjourned at 11:30 a.m.

The next meeting is scheduled for October 26, 2023.

Respectfully Submitted:



Maia Storlazzi, July 12, 2023