

**Vermont Board of Liquor & Lottery
Approved Minutes**

Record of the Meeting of the Vermont Board of Liquor & Lottery held December 9, 2020 via web and phone.

Members Present: Martin Manahan, Chair, Sam Guy, Ed Flanagan, and Tom Lauzon

Others Present: Patrick Delaney, Commissioner, Gary Kessler, Deputy Commissioner, Jacob Humbert, Assistant Attorney General, Wesley Lawrence, Board Counsel, Brian Evans, Financial Director II, Kim Walker, Retail Operations Director, Tonia Pryce, Liquor Purchasing Coordinator, Skyler Genest, Director of Enforcement, Theresa Barrows, Director of Marketing, Martin Prevost, Director of Licensing, Brett Hodson, Director of Davis and Hodson Associates, Unboxed Enterprises LLC Owner, Chad Brodsky

Meeting Start: 9:00 am.

Board Actions on Consent Agenda Items and Additions:

- Approval of October 2020 Board Meeting minutes:
- Approval of licenses issued October 1 to November 30, 2020:
- Approval of Listing:

Motion to approve: all

Presentation of lottery audit conducted by Davis and Hodson Associates:

- Communications with management were successful while performing audit.
- Lottery Division statement of net position explaining fluctuations within last two years.
- Explanation of growth trend on revenue.
- Discussion of fraud detection and prevention, cybersecurity consideration and new financial pronouncements

Motion to move accepting report: all

Public Comment:

- Kobey Schwayder, Vermont Vermouth Director has requested a declaratory ruling of classification using botanicals in his company's products in comparison with current ciders in the market. Also, he requested guidance about classification of Spirits and Fortified wine with new products.

Enforcement Matter:

- Doc Ponds, LLC docket #2020-006, Violation of General Regulation 22 and General Regulation 36. Employee Joshua Bard, Manager Denise Fitzgibbons and Investigator Ross testified about incident. Licensee asking for monetary lenience for administrative tickets. Board will make the decision and provide in writing to licensee.
- Snow Republic LLC docket #2020-005, Violation of General Regulation 12, 13 and 17. Sgt Michael Arbogast, Officer Frank Dornburgh, witnesses Conner Gurnham, Jack Gurnham and Austin Baird, Snow Republic LLC owner Walter Bansley, Bartender Sergio Estrada, Investigator McCloud testified about incident. Licensee contested administrative ticket 20200026 to Board. Liquor Department and licensee were asked to have proposed findings fact and conclusion of laws within 21 days.

Licensing:

- Discussion of Second-Class liquor license applicant Unboxed Enterprises LLC, Chad Brodsky, they have an unconventional setup in a communal warehouse, and ship to out of state clients, issues related to general regulation 39.

Lottery:

- Projected profits at 6 %
- Sales were strong in November
- Litigation with Intralot is now under advisement with court
- Meeting regarding sports betting was discussed.
- Tri State meeting this month

Commissioner Comments:

- Department staff is Covid Free, and working together with ACCD about modifications with governor's order
- November sales trend 3% increase, 4% growth revenue
- Out of stock is about 5%
- We rented part of Agency of Natural Resources warehouse for annex to help us better deal with increased holiday demand.
- Approval to hire three new investigators.
- 60-minute meeting online with legislators about the DLL mission and story
- Working on "to go cocktails" continuation
- Portal update expected in January
- Orwell and Danville new agencies, evaluating new applicants for Newport agency
- Product raffle was received well, raised 29,000 dollars

Finding made to enter to Executive Session at 2:05 pm

Next Meeting: January 13, 2020