



U.S. Cider Makers of America (USACM)

Annual Business Meeting Minutes

February 5, 2014, Westin Hotel, Chicago, IL

9:30 a.m. – 11:30 a.m.

CALL TO ORDER

Meeting was called to order by Chairman Mike Beck at 9:30 a.m. Present were the following board members: Chairman Mike Beck, Uncle John's Cider (Midwest); Vice Chairman Brad Page Colorado Cider Company, (At Large); Secretary Charlotte Shelton, Abermale CiderWorks (South); Treasurer Dan Rowell, Vermont Cider Company (Cidery over 250K); James Kohn, Wandering Aengus (West); Robert Vail, Sam Adams aka Angry Orchard (Cidery over 250K); and Stephen Wood, Farnum Hill Cider (East). Assisting with the meeting were Amy Stinson with Vermont Hard Cider and Nora Weiser of the American Cheese Society. Approximately 150-200 USACM members were present.

YEAR IN REVIEW

Chairman Beck gave an overview of the organization's history. The association was created exactly one year ago in February 2013 at the Cider Conference. At that time a board of directors was elected and bylaws adopted to guide the organization through its first year. Also, a framework was developed. Bylaws were developed which state goals for the organization. A synopsis of those goals and mission statement at that time for the organization were as follows:

1. Represent the interest of the cider and perry producers in the United States.
2. Gather and share information about cider and perry production.
3. Gather and share information about regulations concerning the production of cider and perry.
4. Gather and share information about apple and pear growing.
5. Help members improve their operations.
6. Help raise the public's awareness of the products produced by the members, and promote the interest of the cider and perry producers of the United States.
7. Receive and administer funds for such purposes.

President Beck reported that since USACM just started collecting dues after last year's conference, the primary activities of the board and committees to date have been;

1. Conference Organization
2. Legislative Endeavors
3. Membership Development

He stated the board was the first to acknowledge that there's a lot of work to do in order to develop the infrastructure needed to realize the association's goals. He noted that a solid foundation had been laid by the first board and that the future of the USACM depended upon active participation of the membership and committees, stating that it was at the committee level where most of the work was being done. He announced the meeting agenda was to review and approve a recommended by-law change, hear committee reports, have a question and answer session, and elect new board members.

BYLAW CHANGE

Brad Page was introduced to oversee the first order of business, which was a proposed amendment to section 4.2 of the bylaws to allow for staggered one and two year terms of the board. Under the change, if re-elected those currently serving on the board would complete another one year term, and that newly elected board members at the annual meeting would serve a two year term. The rationale for the change was to provide continuity in the management of the organization and prevent the possibility of the entire board being replaced at the same time, thus risking the disruption that eventually could involve. There were some questions from the audience and it was explained that the board is responsible each year for determining who the officers will be. It was suggested that people first serve on committees and then be elected to the board, and that board members serve as officers once they have had more experience by serving one year on the board. Heidie Basden, Maiden Rock Winery and Cidery, made a motion to approve the recommended bylaw change. Scott Donovan, Blackbird Cider, seconded the motion. The motion carried unanimously.

COMMITTEE REPORTS

Membership Committee

Corrie Wolosin, Farnum Hill Cider, reported that USACM membership continued to grow but that more participation was needed to strengthen the organization. She encouraged members to complete the survey sent by the Northwest Agriculture Business Center to offer more feedback to the board and committees. She also suggested that members recruit others in the industry to pay their dues and that more people volunteer to serve on committees in order to grow a stronger organization. In addition to Corrie, members of the membership committee included Dick Dunn, Gary Awdey, Sara Grady, Mike Beck, Dan Rowell, David White, Robert Vail, James Kohn, Stephen Wood, Charlotte Shelton, and Brad Page.

Financial Committee

Dan Rowell, Treasurer, reported for the Finance Committee which includes Scott Donovan, Blackbird Cider, and board member Brad Page.

- Rowell reported that as of 12/31/13 the USACM collected revenues from membership in the amount of \$44,795. In addition, prepayments of registrations for the 2014 conference were collected in the amount of \$71,550 and interest earned on a savings account of \$6.01.
- Total expenditures for the year amounted to \$5,783.38 including legal fees for incorporating the organization and banking/collection fees. As of 12/31/13 total cash on hand was \$110,567.63.
- Since 12/1/14, the USACM has collected another \$29,200 in membership fees and \$72,436.85 relating to the conference. The USACM has three accounts. The primary collection account is PAYPAL, where money is swept weekly into a savings account. The other accounts are the non-interest bearing checking account and an interest-bearing savings account with a well-known FDIC insured bank, Chase Bank.
- Between 2013 and 2014, USACM has collected \$143,987 for the conference vs. the \$140,000 which was budgeted. Conference expenses are estimated to be \$120,000 and are yet to be paid, including the new administrative assistance and support which was provided this year by the Northwest Agriculture Business Center (NABC) in Mount Vernon, WA.
- It is estimated the USACM will have a total of \$90,000 left in all accounts once all conference bills have been paid. He also pointed out that USACM members had volunteered time to help organize the conference and that their additional in-kind contribution was not quantified in the income.

Legislative Committee

Amy Stinson, introduced the other members of the committee serving with her: Bruce Nissan, Miller-Coors, and USACM board members James Kohn, Charlotte Shelton, Robert Vail, Mike Beck and Stephen Wood. The main topic of discussion was the **CIDER Act**. Legislation has been introduced in the House (H.R. 2921) in August 2013 by Representatives Earl Blumenauer (D-OR) and Chris Collins (R-NY). Co-sponsors to date are William Owens (D-NY), Kurt Schrader (D-OR), Peter Welch (D-VT), Christopher Gibson (R-NY), Denny Heck (D-WA), Tom Reed (R-NY), and Robert Hurt (R-VA). The companion legislation S. 1531 was introduced in the Senate in September 2013 by Senators Charles Schumer (D-NY) and Patrick Leahy (D-VT). Senate co-sponsors to date are: Joe Manchin (D-WV) and Robert Casey (D-PA).

Under current federal tax law, the definition of hard cider (\$0.226/gallon) only allows for up to 7% alcohol by volume before it is taxed as wine (\$1.07/gallon), and only a certain level of carbonation before it is subject to the expensive champagne tax (\$3.30 or \$3.40/gallon). Because many cider producers are small, craft operators, who rely on natural raw materials, they often have little ability to predict and control the precise alcohol content and carbonation level of their product. Meanwhile, cider consumers expect a somewhat high level of carbonation, equivalent to that of most beer.

The CIDER Act would amend the section of the Internal Revenue Code (26 USC Section 5041) to allow cider makers to produce cider using the natural products available without the possibility of facing increased tax liability. Specifically, the legislation would (1) increase the carbonation level for hard cider from 0.392 grams per 100 ml. (3.92g/liter) to 0.640 grams per 100 ml. (6.4g/liter), thereby better meeting customer expectations, (2) include pears in the definition of "hard cider," and (3) change the alcohol content limit from 7% ABV to 8.5% ABV to bring it more into alignment with the natural sugar content of apples and the European standard. Overview of the CIDER Act, along with a copy of the USACM white paper and draft support letters can be found on the USACM web site <http://www.ciderassociation.org/cideract> .

The Committee has had no expenses this year thanks to those companies and individuals who donated time and resources. The Committee is working with lobbyists provided by Angry Orchard, Crispin Cider Company and Vermont Hard Cider Company. These lobbyists are helping to monitor where things stand in Congress, and watching for an appropriate vehicle to which to attach this legislation. More co-sponsors are needed and all states where cider is becoming more significant should be invited to co-sponsor. Every conference attendee has a letter in the lobby outside of the meeting room, addressed to their legislators and should stop by the table to sign, as well as a petition advocating support and passage of these bills. Stephen Wood suggested that in his opinion it is preferable that this legislation is still on the back burner, as we need to mobilize more support before going for the full court press. The primary need now is for every USACM member to contact their Members of Congress and ask them to co-sponsor and support this legislation.

BREAK – At 10:15 a.m. the meeting took at 15 minute break and reconvened at 10:30 a.m.

ELECTIONS

Nora Weiser, explained the process for elections. Board members are selected from the following categories:

Producers OVER 250K GALLONS: Three (3) will be elected

Producers UNDER 250K GALLONS by Region: Four (4) will be elected, One (1) from each region will be elected

West Region: AK, AZ, CA, CO, HI, ID, MT, OR, NM, NV, UT, WA, WY

Midwest Region: IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI

East Region CT, MA, ME, PA, NH, NJ, NY, RI, VT

South Region: AL, AR, DC, DE, FL, GA, KY, LA, MD, MS, NC, OK, SC, TN, TX, VA, WV

At-Large - Two (2) will be elected from the final remaining nominees

Prior to the Annual Meeting, USACM had been provided the opportunity to nominate members to serve on the board. The original slate of nominees sent by email to the board of directors through the nominating process was presented to full membership at the beginning of the elections portion of the meeting as follows:

OVER 250K: Dan Rowell, Vermont Hard Cider Co.; and Robert Vail, Angry Orchard

WEST: Joe Casey, Square Mile Cider Co.; David Cordtz, Sonoma Cider; Eric Jorgensen, Finnriver; and James Kohn, Wandering Aengus Ciderworks

MIDWEST: Mike Beck, Uncle John's; and Paul Vander Heide, Vander Mill

EAST: Justin Heilenbach, Citizen Cider; and Stephen Wood, Farnum Hill Ciders

SOUTH: Matthew Gusmer, Windy Hill Cidery; Jake Schiffer, Leprechaun Cider Company; Charlotte Shelton, Albemarle Ciderworks; and Diane Flynt, Foggy Ridge Cider

The room was divided into regions, everyone meeting in their respective groups. The designated nominees and those nominated from the floor introduced themselves (only members present were eligible for election) and each licensed cidery voted (one vote per company). The results of the vote were announced to the entire group. The remaining eligible nominees introduced themselves at the podium to the entire membership, which then proceeded to vote for two At Large members from that pool. Each USACM member had two votes, and was required to vote for at least two candidates.

Final Slate of Nominees and Board Members:

OVER 250K

ELECTED Daniel Rowell, Vermont Hard Cider Company (1 yr term expiring Feb. 2015)

ELECTED Robert Vail, Angry Orchard (1 yr term expiring Feb. 2015)

ELECTED Bruce Nissan, Miller- Coors (2 yr term expiring Feb. 2016)

WEST

ELECTED James Kohn, Wandering Aengus Ciderworks (1 yr term, expiring Feb. 2015)

Andrew Byers, Finnriver (nominated)

David Cordtz Sonoma Cider (nominated)

Brad Page, Colorado Cider Company (nominated then elected – At Large)

SOUTH

ELECTED Charlotte Shelton, Albemarle Ciderworks (1 yr term, expiring Feb. 2015)

Matthew Gusmer, Windy Hill Cidery (nominated)

Jake Schiffer, Leprechaun Cider Company (nominated)

EAST

ELECTED Dan Wilson, Slyboro (2 year term expiring Feb. 2016)

Scott Donovan, Blackbird Cider (nominated then elected – At Large)

MIDWEST

ELECTED Mike Beck Uncle Johns (1 yr term expiring Feb. 2015)

Paul Vander Heide, Vander Mill (nominated)

James Lindemann, Cider House of Wisconsin (nominated)

AT LARGE

ELECTED Brad Page Colorado Cider Company (1 yr term expiring Feb. 2015)

ELECTED Scott Donovan Blackbird Cider (2 yr term expiring Feb. 2016)

The meeting was adjourned at 11:30 a.m.

Meeting minutes submitted by Sherrye Wyatt.

DRAFT