

ODWNA Association Meeting Minutes

Date: Wednesday, November 18, 2020

Place: Held virtually (via Zoom)

Board Members:

Present: Peter Kushner, President; Chris Shook, Vice President; Christopher Bovid, Secretary; Kathy Shook, Treasurer; Diana Morton-Thompson; Eric Boersma

In Attendance: Approximately 18 people (includes Board members)



I. **Call to Order:** Peter Kushner, 7:00 pm

- Welcome
- Zoom meeting procedures overview
- Plan to continue to meet via Zoom continuing through at least through March 2021 (there is no December meeting) due to KPS schedule; we hope to be back in-person at Winchell Elementary School's library in April but if not we will continue virtually; next meeting is January 20 with Don Poppe of the DNR concerning urban wildlife management
- Continuing to work on Safe Routes To School grant funding
- Update on Urban Nature Trail as Quick Win Project; seeking completion in June 2021; seeking assistance with naming the urban nature trail
- Natural Features Protection Phase 2 update:
 - Planning Commission recommended not approving Phase 2
 - The Planning Commission believed more community education and input, especially from affected property owners, needed to be gathered
 - City plans to bring Phase 2 back to the Planning Commission in late winter or early spring

II. **Treasurer's Report**

- None

III. **Neighborhood Business (Old and New):**

- None

Notes from our Guest Speaker:

- **Kalamazoo Stillhouse / Nic & Joanna Merrill**
- They personally do most of the work for the Kalamazoo Stillhouse, from distilling to accounting to physical maintenance at their building.
- The Kalamazoo Stillhouse is located at 618 Michigan Avenue, Kalamazoo, in front of The Foundry Development (600 Kitchen & Bar) near the corner of Harrison & Michigan Avenue; the Kalamazoo Stillhouse driveway is a gravel drive along the Portage Creek with parking lot behind the building
- They are predominantly a production facility, although they offer tours and on-site sales and have done flight tastings.
- Due to COVID-19 have not been doing tastings recently
- Their hours of operation change between one to two or three days per week depending on community response and COVID-19 concerns
- They have found a lot of patrons have enjoyed going there on Sundays because not as many businesses are open then
- It is their specialized equipment, called a "still", that makes the Kalamazoo Stillhouse a stillhouse (and separates them from a brewery, for example). The still takes the alcohol out of the products they start with.
- Their still is purpose-built to make vodka but they also make whiskey and make clear spirit that they use to make gin (in a second still dedicated to gin production)
- A key term in the distillery industry is "grain to glass," meaning a true distillery is able to do everything on-site to make their products.
- The "meat & potatoes" of how they distill:
 - Overview of "how to make spirits" diagram
 - They start with grain and water and cook it to break down the simple carbohydrates into sugars
 - Product will sit in fermentation for anywhere from 3-10 days. Adding yeast to the solution eats the sugars and the byproduct is alcohol and carbon dioxide.
 - All of it is then turned into a solution that is then brewed together. Whereas a brewery would separate out the grain and sugar water, the distilling process has everything go into the still after fermentation and the alcohol is separated out there.
 - If they create 500 gallons of a 10% alcohol beer, there is only 50 gallons of alcohol in that. They boil out the 50 gallons of alcohol and are left with 450 gallons of what looks like a 'chocolate milk' solution in the still. The Kalamazoo Stillhouse gives away that remaining solution to farmers (grain is still in the solution and has

ODWNA Association Meeting Minutes



- some nutritional value). Hog farmers use it as pigs like it because it tastes sweet and still has a bit of alcohol in it.
- The still is one of the most basic chemistry tools in the production world.
 - Alcohol boils at a lower temperature than water, which is how they are able to separate it from the solution in the still.
 - The Kalamazoo Stillhouse's still has a capacity of right around 700 gallons and is approximately the fifth biggest still in the State of Michigan
 - At their current production level they don't have to run the still every day to produce a lot of product. A distillery with a smaller still might require running it 5-6 days per week to produce the same amount of product that the Kalamazoo Stillhouse can make running theirs around 5-6 times per month.

 - The Kalamazoo Stillhouse sources most of its grain ingredients (they mostly use wheat) from a mill in Augusta, Michigan (Knappen Milling Co.)
 - The People's Food Co-Op sells 3 lb bags of grain from Knappen whereas the Kalamazoo Stillhouse typically buys their milled grain in 4000 lb quantities
 - Kellogg's is also a big client of Knappen
 - Amusing to note that one client of Knappen uses the product to make breakfast cereal and another uses it to make spirits
 - The City of Kalamazoo did not want the Kalamazoo Stillhouse to get their own mill to grind grain in the building because of the supposed risk of an explosion (which is not as much of a concern in, for example, a brewery with less-flammable product) so they needed to find places that could mill the grain into a fine flour for them and have been happy to find area producers who will also mill and deliver product.
 - The Kalamazoo Stillhouse is the first company to apply for a number of these distillery-related licenses in the City of Kalamazoo.
 - As such, they helped the City to develop much of the local policy here for distilleries going forward, although it was challenging as it required them to take an evidence-based approach for everything they presented to the City.

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 - The Kalamazoo Stillhouse has a barreling program whereby they age their products (e.g., bourbon) following strict guidelines including how it is aged and labeled
 - The Kalamazoo Stillhouse is nearing its first 3 year-aged, barreled whiskey
 - They use white oak barrels to make their whiskey
 - In 2013 there was a shortage of white oak in the country so after ordering their first order of barrels from a cooperage it took nearly a year and a half to receive them
 - They have seen ebb and flow of cooperages in the last several years, including one in Kalamazoo that shut down but has since reopened
 - The Kalamazoo Stillhouse is currently sourcing from a cooperage in Grand Rapids, Michigan

 - WHERE CAN YOU GET KALAMAZOO STILLHOUSE SPIRITS: They have vodka, gin, and rum. Current vendors include Meijer, 600 Kitchen & Bar, Sunny Mart, and Salut Market. (Sunny Mart was the first store in Kalamazoo to order their product and has done a good job keeping it available for purchase.)
 - The Kalamazoo Stillhouse also has a lot of special products, from their "Bronson Park" gin to soon-to-be-released single barrel whiskey to a run of dark rum.
 - The Kalamazoo Stillhouse also now has a 'square site' and provides curbside pickup. They have a special run Bronson Park gin.

 - One of the major challenges they have faced has been with distribution.
 - The State of Michigan owns the spirit distribution channel. As such, distillers are required to contract with one of three authorized distribution agents in the State so whereas a brewery could deliver a keg to the bar next door, the Kalamazoo Stillhouse has to give a pallet of spirit to the distributor which takes the pallet to a warehouse. From there a vendor orders from the distributor, funds get exchanged, and ultimately the distillery gets paid about 40% of the product price, but those funds are not usually paid for at least four months and in some cases payment takes longer (in the range of six to eight months).
 - This summer the Kalamazoo Stillhouse went for nearly 16 weeks without a single check from the State of Michigan while still having to pay monthly sales taxes to the State.
 - Most people don't understand in the State of Michigan we have the highest sales tax in the country on spirits (but the State doesn't call it a tax – they call it a "mark-up"). So when a consumer buys any \$30 bottle of spirits, on an 80 proof bottle, the State of Michigan makes about \$9 plus the sales tax.
 - Whereas beer and wine through the 80s and 90s had a lot of favorable tax laws for them, the State makes so much money on spirits taxes that there has been little incentive to change, and ultimately it is the consumer paying those taxes (i.e., "mark-ups") by paying more for spirits.
 - There is some legislation being worked on presently to allow small distilleries to self-distribute, but does not change the egregious tax structure.

ODWNA Association Meeting Minutes



- There is a Michigan distillers' collective that pays a lobbying firm to work on their behalf at the State level.
- The Kalamazoo Stillhouse is kind of lucky in that Imperial Beverage is a distributor in Kalamazoo and is one of the few authorized distributors in the State and has been fairly good to work with. When the Kalamazoo Stillhouse tried to contact the biggest distributor in Michigan, the company wouldn't even respond. Likewise, the next biggest distributor in the state required samples before it would consider distributing their product (which weren't available yet from the small, start-up distillery).
- Many people also do not realize that local distilleries have a unique product in that 95% of all the well-known spirits on the shelves come from essentially one of five different conglomerate companies

• GUEST SPEAKER Q&A:

Mary Gross

Q: Do you use aromatics in your gin?

A: Juniper berries are the main "flavor" of gin but then the Kalamazoo Stillhouse uses what is essentially a bag of botanicals in producing its gin, which botanicals all go in together and are suspended within the column of the still. The vodka is boiled below it and the vapor travels through that and then recondense in another place and come out as a crystal clear liquid. Any solids or oils fall out and back into the pot so those aren't in the gin.

Pete Kushner:

Q: Can you tell us about the cooperages – the wood, the age, etc.

A: The Kalamazoo Stillhouse uses brand new, American white oak barrels. Bourbon by definition requires it to be aged in new, charred (burned on the inside to various levels of char from light char to almost alligator-skin flaked). Bourbon is not specified to be aged in a barrel that has a specific level of char, though, so there is room for variation. You can also "toast" the barrels. The Kalamazoo Stillhouse is finally getting to the point where they are emptying some of their barrels. If you are making bourbon, the barrels can only be used once. Some area breweries have approached them about purchasing their used bourbon barrels. Water Street Coffee recently bought two of their barrels and put beans in them, which should be available for purchase this holiday season. The Kalamazoo Stillhouse is also now doing some second fills of their barrels. Those products, because it is a second fill on a barrel, will have to sit in those barrels for five to six years now instead of three like the first fill. Every time you refill, it will take longer and longer to get the flavor out of that barrel into the alcohol. There are a lot of different things related to the barrels that go into the flavoring of the product, too, like the grain structure of the wood, etc. Every cooperage also has a different story about where their oak is from in the country and how they have different flavors and how they use different levels of toasting and charring. There is also some complete mystery as a result of the barreling. Right now the Kalamazoo Stillhouse has two barrels with the same basic product added to them and yet one aged product now has chocolate tastes and the other one has a strong vanilla flavor in it. The Kalamazoo Stillhouse has now started doing single barrel runs after starting out initially doing many distillation runs and combining the product and filling a number of barrels at once. Now they are filling a single, 59 gallon whiskey barrel after running the still one time. That is an experiment that they will have to wait to see how it turns out. Ideally each barrel will have somewhat of a different flavor, which can have variations from the process all the way back to the initial cooking of the product. For example, in the last week, from one day to the next of cooking the same recipe and measuring its sugar content (measured in "bricks"), which measurement gives a prediction of the total alcohol likely to be derived from that batch, they saw bricks differences of up to 2.5%. Those variations could be from any number of factors, even down to changes in the water. The Kalamazoo Stillhouse does use city water in the cooking process before eventually using de-ionized water when going to bottling. In the cooking procedure for a still, it is less important than it would be for a brewery to have filtered water.

The barrels are fairly durable if one is willing to tinker with them. If you start banging on a barrel with a hammer on one side to stop a leak, it might cause another one on the other side. It is disheartening (and expensive) to find a barrel with a puddle of whiskey underneath it.

Eric Boersma:

Q: Are you making any hand sanitizers right now?

A: Yes, fortunately (or unfortunately). All of it is the "spray" type of hand sanitizer and comes in different sized bottles. It meets CDC guidelines for surface sanitation. Can spray it on surfaces and it evaporates with no stains. Back around the middle of the March, Nic woke up to an email from the Tobacco Tax Trade Bureau (the federal agency that governs them) indicating that all restrictions had been removed on distilleries producing hand sanitizers. Prior to that it had been illegal, without months of required approvals, for a distillery like theirs to make hand sanitizer. The TTB wiped all of those obstacles out with a simple directive. That day he made a batch of gin and their first 500 bottles of hand sanitizer were essentially "navy strength gin" straight up in a bottle with a higher concentration. The CDC guidelines for hand sanitizer required a minimum 60% alcohol so Nic went with 65%. He got on the phone with one of their packaging suppliers but couldn't get orders for packaging in fast enough. They eventually were able to order 500 bottles to be overnighted. He called A-1 Printing & Copy Center in downtown Kalamazoo and even though they were essentially closed, they specially printed 500 labels and delivered them to Nic and Joanna's residence. That day Nic and Joanna put a blurb on social media about the hand sanitizer. By the next day the post had had 26,000 views. By the next day after that the post had been seen 74,000 times. They went to the distillery and wound up having a line of cars navigating their driveway all day long picking up hand sanitizer. The company gave away around 350 bottles that first day. The next day the phone was ringing off the hook with people seeking hand sanitizer. Nic loaded up a car and had people texting him their addresses and how many bottles they wanted and then

ODWNA Association Meeting Minutes

he drove around delivering it. They gave away all 500 bottles that weekend. April required evolution of hand sanitizer development, however. Every week there were new guidelines coming out from the government on what needed to be done to legally produce hand sanitizer. The Kalamazoo Stillhouse didn't start charging for their hand sanitizer until the following month (May). When Oberon day was cancelled due to the COVID-19 pandemic, Nic contacted the owner of Bell's Brewery, Larry Bell to inquire about using the Oberon that had been produced but would then likely end up going to waste. The Kalamazoo Stillhouse wound up with a semi truck full of Oberon so their current hand sanitizer supply has been made from that Oberon along with peroxide and glycerol, both of which proved much more difficult to acquire.



Sam Grossman:

Q: Regarding the Kalamazoo Stillhouse rum, is that coming from wheat also?

A: Our rum is the only product we make that is not from a locally-sourced ingredient. It is made from organic sugar cane like that which you would buy at the grocery store along with some organic black strap molasses. It was an experiment that proved to be very expensive and messy as the molasses stained everything in the process and subsequently required Nic to be inside tanks and scrubbing a lot of things. Rum, by definition, is made from sugar and, much like baking, sugar from sugar cane produces better product than sugar from beets. In Michigan, to locally source the sugar the Kalamazoo Stillhouse would need to use beet sugar which just does not make as good of a product, so they will not likely be making locally sourced rum. They will have some specialty dark rum soon, however, from some that they put into barrels.

Chris Bovid:

Q: What is your facility's address?

A: 618 Michigan Avenue, Kalamazoo, MI

Q: Are you currently open for business during the pandemic?

A: We are open right now although we are encouraging people to order online or write a message or call the business upon arrival. We are really only open for pickup on Saturdays. During normal business hours (which do fluctuate) we are also doing walking tours. Any time we are on-site we can do bottle sales. We can sell spirits directly to consumers but due to regulations the consumers have to come pick them up. We can deliver/drop-off hand sanitizers. We have had a lot of "essential businesses" that were required to have hand sanitizer and couldn't get it so we have been delivering product to them. The only thing we have not recently been doing is tastings.

IV. **Additional Public Comments:**

Pete Kushner thanked Nic and Joanna Merrill for their presentation and thanked meeting participants for attending.

V. **Adjournment:** 8:22 pm

Respectfully Submitted,
Christopher Bovid, ODWNA Secretary