



March 20th, 2013

To Whom It May Concern:

As Cofounders of Bull Run Distilling Company in Portland – and past and current members of the Board of the Oregon Distillers Guild – we wanted to take the opportunity to share our views with our states legislators as it relates to the value that the OLCC brings to our industry. We’re taking this opportunity now as I know the OLCC is going through the budgeting process – and because of the ongoing speculations that at some point in our near future we, Oregonians, will be presented with a choice of keeping our current control state system or privatizing.

With these topics in mind, we offer the following thoughts in support of our current system.

Payment

- As a small business timely, steady cash-flow is critical to our success. At this time Bull Run Distilling Company is fortunate to have distribution in seven states. In all cases except Oregon, we work through private distributors. While terms with these distributors are net 30, payment averages 45 -60 days. In comparison, Oregon (the OLCC) pays every two weeks like clockwork. Being able to count on a check from Oregon every two weeks is significant to helping us run our business.

Reporting

- Unlike most of our privatized state distributors, all of whom are reputable organizations, the OLCC provides timely, accurate online reporting. The information in these reports enables us to better manage our business from a sales and customer relationship management standpoint.

Product Placement

- One of the greatest benefits the OLCC provides us is a single point of access to the states retail outlets. In no other state do we have this access. There are a finite number of OLCC retail stores and we know them all through the OLCC. This access is key when you’re represent your own brands, as most of the small distillers in Oregon do. In no other state do we have this level of access to retailers. What’s more, a state control system such as ours creates more of an equal opportunity environment among national and international industry heavyweights and small, local producers when it comes to shelf and floor space.

Reorders

- One of the largest challenges we face with distributors is that they're often not in tune with a retailers sales on a product-by-product bases, which often results in stock-outs and therefore lost opportunity for the given brand. The reality is that most distributors lack the bandwidth to get in front of their customers in a timely fashion to ensure products are reordered before they run out. The OLCC system allows for easy tracking and notification of products that need to be reordered and stores are automatically notified when these reorders don't happen. Unless the producer is out of stock, stock outs at the retail level are a rarity in Oregon.

Specialization

- With very few exceptions, OLCC stores are specialty stores whose employees are trained to understand the products they sell. In a privatized system the average employee at the local Safeway, Costco, Walgreens and 7Eleven will know little to nothing about the spirits they're selling. OLCC Agents are owners, not state employees, so they and their employees are incented to know their business. Given this and the fact that the OLCC is approving more and more of the store-in-store *concept (addresses some of the consumers convenience concerns)* and beer, wine and spirits stores (*again addressing more consumer convenience concerns*) we can't really envision a much better selling environment.

Pricing

- OLCC standardized pricing gives consumers' confidence that they're always getting the best price. And while other states "may" offer better prices on some of the big national brands, pricing of craft spirits are typically far better in Oregon for Oregon spirits than in any other state. It's important to also know that the variety of spirits available in Oregon is excellent when compared to other states.

As you make decisions concerning the funding of the OLCC I hope you will keep in mind all that the OLCC does for the growing craft distilling industry in Oregon. It is my firm belief that they are an important component of our success and I value the working relationship we have with them.

Sincerely,

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Sincerely

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