



BUSINESS MEETING OF THE
MICHIGAN LIQUOR CONTROL COMMISSION

Held: Tuesday, April 7, 2015
Lansing District Office
525 W Allegan
Lansing MI 48909

Present: Andrew J. Deloney, Chairman
Dennis Olshove, Commissioner

Absent: Teri L. Quimby, Commissioner

Staff: Kerry Krone, Business Manager
Steve Robinson, Director of Finance Division
Pam Hamilton, Deputy Director of Finance Division
Anita Fawcett, Executive Services Division

The meeting was called to order by Chairman Deloney at 9:42 a.m., noting a quorum was present.

- I. **Moved by Commissioner Olshove, supported by Chairman Deloney, that the minutes of the Commission meeting of March 31, 2015, be approved as written and presented, motion carried by unanimous vote.**

Moved by Commissioner Olshove, supported by Chairman Deloney, that the minutes of the Closed Session meetings held on April 1 and April 2, 2015, be approved as written and presented, motion carried by unanimous vote.

- II. Ms. Hamilton presented licensee requests for special price reductions on spirit products in accordance with the provisions of the Commission's Order of September 11, 2012 regarding special price reductions on spirit products, which was effective on January 1, 2013. She advised there were thirty six (36) different licensees requesting price reductions; that 217 product price reductions could be approved; and that there were zero product price reductions to be denied.

Moved by Commissioner Olshove, supported by Chairman Deloney, that the 217 special price reductions be approved as indicated on the attached Approval for Price Reduction on Liquor reports, motion carried by unanimous vote.

- III. Mr. Robinson presented the February 2015 Financial Report which shows the results of our operations for the period of October 1, 2014 through February 28, 2015 and advised the number of weeks of spirit sales is comparable to the February 2014 report. He advised the Total Gross Sales increased over last year by almost \$32.6 million or 6.9% higher, and the Distilled Spirit cases sold increased 121,716 or 3.8%. Mr. Robinson advised the Net Income from spirit sales increased approximately \$6.7 million or 9.4%, however, this amount is larger due to the fact that other Agency expenses are lower this fiscal year. He advised Beer taxes are down by \$1.7 million, with Wine taxes almost \$220,000 higher. Mr. Robinson advised that Beer taxes are down primarily due to the new tax collecting system.

Moved by Commissioner Olshove, supported by Chairman Deloney, that the February 2015 Financial Report, be accepted, motion carried by unanimous vote.

- IV. Mr. Robinson requested approval of a bulletin for the submission of quotations for Price List No. 239, which is effective August 2, 2015. He advised this is a quarterly reminder that is sent to Vendors of Spirits and Vendor Representatives to remind them of the deadlines for the next price book.

Moved by Chairman Deloney, supported by Commissioner Olshove, that Bulletin 2015-04, be approved as written and presented, motion carried by unanimous vote.

- V. Mr. Robinson presented the first proposed administrative order that would rescind the Administrative Order dated February 9, 2011, and rescind Bulletin # 3159-17, dated May 13, 2010. He advised these documents regulate the movement of distilled spirit products between Authorized Distribution Agents (ADAs). Mr. Robinson advised that the second administrative order he is presenting would reinstate some of the guidelines from the rescinded administrative order and include additional requirements that would clearly regulate the movement of distilled spirit products between ADAs.

Chairman Deloney advised the issue is whether the Commission has the authority to step in between parties that have a legal contract. He stated the Commission does not want to see just one ADA in Michigan, but would like to have a strong, stable and profitable system where the customer can get their products. Chairman Deloney advised when this system was created, the ADAs had very little guidelines to work from and spent their time, money and resources to create this system. He advised the Commission want to be sure we are acting within our authority and feels these administrative orders will clear this up.

Moved by Chairman Deloney, supported by Commissioner Olshove, that Administrative Order 2015-03, be approved as written and presented, motion carried by unanimous vote.

Moved by Chairman Deloney, supported by Commissioner Olshove, that Administrative Order 2015-04, be approved as written and presented, motion carried by unanimous vote.

VI. Old Business.

There was no Old Business.

VII. New Business.

There was no New Business.

VIII. Public Comments.

There were no Public Comments.

With no further business, moved by Commissioner Olshove, supported by Chairman Deloney, that the business meeting be adjourned at 9:56 a.m., motion carried by unanimous vote.

Andrew J. Deloney,
Chairman

Anita Fawcett
Executive Services



BUSINESS MEETING OF THE
MICHIGAN LIQUOR CONTROL COMMISSION

Held: Tuesday, April 14, 2015
Lansing District Office
525 W Allegan
Lansing MI 48909

Present: Andrew J. Deloney, Chairman
Dennis Olshove, Commissioner

Absent: Teri L. Quimby, Commissioner

Staff: Kerry Krone, Business Manager
Steve Robinson, Director of Finance Division
Pam Hamilton, Deputy Director of Finance Division
Anita Fawcett, Executive Services Division

The meeting was called to order by Chairman Deloney at 11:36 a.m., noting a quorum was present.

- I. **Moved by Commissioner Olshove, supported by Chairman Deloney, that the minutes of the Commission meeting of April 7, 2015, be approved as written and presented, motion carried by unanimous vote.**
- II. Ms. Hamilton presented the E-Quote reports for product listings in four categories and requested approval of the following:
 - A. That the products listed below be granted exceptions to the standard pack size, inasmuch as the items are packaged nationally or meets other exceptions as indicated and be approved for listing in the approved products list effective May 3, 2015:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Bacardi U.S.A., Inc. (General Wine & Liquor Co.)	1000ml Bacardi 8 Rum	6 Bottles
Sazerac North America, Inc. (NWS Michigan, LLC)	200ml Chi Chi's Churro PL	24 Bottles
Jim Beam Brands Co. (NWS Michigan, LLC)	375ml Jim Beam Signature Craft Oat 375ml Jim Beam Signature Craft Rye	12 Bottles 12 Bottles
	50ml Pinnacle Trail PL 6 Pk	90 Bottles
Brown-Forman Corporation (General Wine & Liquor Co.)	200ml El Jimador Reposado Tequila 200ml El Jimador Silver Tequila	24 Bottles 24 Bottles
	375ml Herradura Reposado Tequila	12 Bottles

	1000ml Woodford Rsrv Personal Sel	6 Bottles
Sidney Frank Importing Co., Inc. (General Wine & Liquor Co.)	50ml Casamigos Anejo Tequila	60 Bottles
	50ml Casamigos Blanco Tequila	60 Bottles
	50ml Casamigos Reposado Tequila	60 Bottles
William Grant & Sons, Inc. (General Wine & Liquor Co.)	750ml Balvenie Portwood 21 Yr. Scotch	3 Bottles
	750ml Glenfiddich 18 Yr. Scotch	6 Bottles
	750ml Montelobos Mezcal Joven Tequila	6 Bottles
HIWWS, Inc. (General Wine & Liquor Co.)	200ml Sea Platinum Vodka	24 Bottles
Klin Spirits, LLC (General Wine & Liquor Co.)	1000ml Hammer + Sickle Vodka	8 Bottles
	1750ml Hammer + Sickle Vodka	4 Bottles
MHW, Ltd. (General Wine & Liquor Co.)	1000ml Combier Liqueur D'Orange	6 Bottles
MHW, Ltd. (NWS Michigan, LLC)	750ml Highland Park Odin Scotch	6 Bottles
Ole Smoky Distillery, LLC (NWS Michigan, LLC)	750ml Ole Smoky Big Orange Moonshine	6 Bottles
	750ml Ole Smoky Pineapple Moonshine	6 Bottles
Phillips Products Co., LLC (General Wine & Liquor Co.)	200ml UV Sangria Vodka	24 Bottles
	50ml UV Sangria PL Vodka	60 Bottles
Proximo Spirits, Inc. (NWS Michigan, LLC)	750ml Stranahan's Diamond Peak	6 Bottles
	1000ml Three Olives Blueberry Vodka	6 Bottles
RTBA Diversified Investments, LLC (NWS Michigan, LLC)	750ml Old Beezer 10 Yr. Bourbon	6 Bottles
Royal Wine Corporation (General Wine & Liquor Co.)	750ml Tomintoul Peated Scotch	6 Bottles
Royal Wine Corporation (NWS Michigan, LLC)	750ml Xante Cognac	6 Bottles
Savvy Distillers, L.P. (General Wine & Liquor Co.)	50ml Deep Eddy Lemon PL Vodka	72 Bottles
Moet Hennessy USA, Inc. (NWS Michigan, LLC)	750ml Ardbeg Perpetuum Scotch	6 Bottles
Shaw-Ross International Importers, LLC (NWS Michigan, LLC)	750ml Glengoyne 25 Yr. Scotch	4 Bottles
Skyy Spirits, LLC (General Wine & Liquor Co.)	750ml X-Rated Peach Blush	6 Bottles
	1000ml X-Rated Peach Blush	6 Bottles
Veev Spirits L.L.C. (General Wine & Liquor Co.)	50ml Veev Vodka	96 Bottles
Anchor Distilling Company (NWS Michigan, LLC)	750ml Westland Peated Single Malt	6 Bottles
	750ml Westland Sherry Wood Sngl Malt	6 Bottles
W.J. Deutsch & Sons, Ltd. (General Wine & Liquor Co.)	1000ml Plantation 3 Stars Rum	6 Bottles
	750ml Plantation Original Dark Rum	6 Bottles

That the request of Grand Traverse Distillery, L.L.C., holder of 2014 Small Distiller license, for addition of the following product to the case size exception products list, be approved for listing, effective May 3, 2015; further prior to any sale and distribution of this product through the Commission's spirit distribution system, Grand Traverse Distillery, L.L.C., must submit and receive Commission approval for an amended liquor quotation which designates an Authorized Distribution Agent for this product:

<u>PRODUCT</u>	<u>PACK SIZE</u>
375ml Grand Traverse Islay Rye	12 Bottles

That the request of Sanctuary Brewery, LLC, holder of 2014 Small Distiller license, for addition of the following products to the case size exception products list, be approved for listing, effective May 3, 2015; further prior to any sale and distribution of these products through the Commission's spirit distribution system, Sanctuary Brewery, LLC, must submit and receive Commission approval for an amended liquor quotation which designates an Authorized Distribution Agent for these products:

<u>PRODUCT</u>	<u>PACK SIZE</u>
750ml Sanctuary Hop Tonic Vodka	6 Bottles
750ml Sanctuary Seven Islands Rum	6 Bottles

That the request of Working Bugs, LLC, holder of 2014 Small Distiller license, for addition of the following products to the case size exception products list, be approved for listing, effective May 3, 2015; further prior to any sale and distribution of these products through the Commission's spirit distribution system, Working Bugs, LLC, must submit and receive Commission approval for an amended liquor quotation which designates an Authorized Distribution Agent for these products:

<u>PRODUCT</u>	<u>PACK SIZE</u>
375ml Red Cedar Spirits Apple Brandy	12 Bottles
375ml Red Cedar Spirits BBN Whiskey	12 Bottles
375ml Red Cedar Spirits Corn Whiskey	12 Bottles
375ml Red Cedar Spirits Gin	12 Bottles
375ml Red Cedar Spirits Jake Juniper Gin	12 Bottles
375ml Red Cedar Spirits of Heartland Bourbon	12 Bottles
375ml Red Cedar Spirits Vodka	12 Bottles
750ml Red Cedar Spirits BBN Whiskey	6 Bottles
750ml Red Cedar Spirits Corn Whiskey	12 Bottles
750ml Red Cedar Spirits Gin	6 Bottles

B. That the following requests for addition of product to the approved products list be approved for listing, effective May 3, 2015:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
American Fifth Spirits Co. (General Wine & Liquor Co.)	750ml American Fifth Capital Gin	12 Bottles
Sazerac North America, Inc. (NWS Michigan, LLC)	1750ml Chi Chi's Churro PL	6 Bottles
	1750ml Chi Chi's Ruby Red Margarita PL	6 Bottles
Jim Beam Brands Co. (NWS Michigan, LLC)	750ml Pinnacle Ruby Red Grapefruit	12 Bottles
	1750ml Vox Vodka PL	6 Bottles
Brown-Forman Corporation (General Wine & Liquor Co.)	750ml Southern Comfort Black Cherry	12 Bottles
	375ml Southern Comfort Caramel PL	24 Bottles
Caribbean Distillers LLC (General Wine & Liquor Co.)	1000ml Ron Carlos 151 Rum	12 Bottles
	1000ml Ron Carlos Gold Rum	12 Bottles
	1000ml Ron Carlos Silver Rum	12 Bottles
Circus Procession, LLC (General Wine & Liquor Co.)	750ml Coppercraft Genever Gin	12 Bottles
Grand Traverse Distillery, L.L.C. (NWS Michigan, LLC)	750ml Gr Trav Sm Batch Botanical Gin	12 Bottles
Heaven Hill Distilleries, Inc. (General Wine & Liquor Co.)	1750ml Admiral Nelson Black Patch PL	6 Bottles
	1750ml Burnett's Apple Berry PL Vodka	6 Bottles
	1750ml Burnett's Cherry Limeade PL	6 Bottles
HIWWS, Inc. (General Wine & Liquor Co.)	750ml Sea Platinum Vodka	12 Bottles
	1000ml Sea Platinum Vodka	12 Bottles
	1750ml Sea Platinum Vodka	6 Bottles
MHW, Ltd. (General Wine & Liquor Co.)	750ml Batavia-Arrack	12 Bottles
	750ml Nux Alpina Walnut Liqueur	12 Bottles
	750ml Salers Aperitif	12 Bottles
	750ml The Scarlet Ibis Rum	12 Bottles
Illyrian Import, Inc. (NWS Michigan, LLC)	750ml Manastirka Slivovitz Prokupac	12 Bottles
Phillips Products Co., LLC (General Wine & Liquor Co.)	750ml UV Sangria Vodka	12 Bottles
	1000ml UV Sangria Vodka	12 Bottles
Proximo Spirits, Inc. (NWS Michigan, LLC)	1750ml Three Olives Blueberry Vodka	6 Bottles
	750ml Three Olives Blueberry PL Vodka	12 Bottles
Sazerac Company, Inc. (NWS Michigan, LLC)	200ml Chi Chi's Ruby Red Margarita PL	48 Bottles
	375ml Dr McGillicuddy's Apple Pie PL	24 Bottles
Stoli Group USA, LLC (General Wine & Liquor Co.)	1750ml Stolichnaya Chocolat Razberi	6 Bottles
	1750ml Stolichnaya Hot Vodka	6 Bottles
	1750ml Stolichnaya Sticki Vodka	6 Bottles
Diageo Americas, Inc. (NWS Michigan, LLC)	750ml Sandra Lee Key Lime Margarita	12 Bottles
	750ml Sandra Lee Strawberry Margarita	12 Bottles

50ml Shady Fruit Ruby Red Grpfrt PL	120 Bottles
750ml Shady Fruit Ruby Red Grpfrt	12 Bottles
1750ml Shady Fruit Ruby Red Grpfrt	6 Bottles
750ml Shady Fruit Valencia Orange	12 Bottles
1750ml Shady Fruit Valencia Orange	6 Bottles
50ml Shady Fruit Valencia Orange PL	120 Bottles
200ml Smirnoff Sours Fruit Punch PL	48 Bottles
375ml Smirnoff Sours Fruit Punch PL	24 Bottles
200ml Smirnoff Sours Green Apple PL	48 Bottles
375ml Smirnoff Sours Green Apple PL	24 Bottles
200ml Smirnoff Sours Watermelon PL	48 Bottles
375ml Smirnoff Sours Watermelon PL	24 Bottles

That the request of D'Still, LLC, holder of 2014 Small Distiller license, for addition of the following product to the approved products list, be approved for listing, effective May 3, 2015; further prior to any sale and distribution of this product through the Commission's spirit distribution system, D'Still, LLC, must submit and receive Commission approval for an amended liquor quotation which designates an Authorized Distribution Agent for this product:

<u>PRODUCT</u>	<u>PACK SIZE</u>
375ml Motor City Gas Royal Oaked Rye	24 Bottles

C. That the following requests for promotional or special packaging be approved for listing, effective May 3, 2015:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Bacardi U.S.A., Inc. (General Wine & Liquor Co.)	1750ml Bacardi Superior w/200ml Limon	6 Bottles
Jim Beam Brands Co. (NWS Michigan, LLC)	750ml Cazadores Reposado w/2 Gls	6 Bottles
Brown-Forman Corporation (General Wine & Liquor Co.)	750ml Jim Beam w/BBQ Sauce	6 Bottles
E. & J. Gallo Winery (General Wine & Liquor Co.)	750ml Red Stag w/100ml JB Ky Fire	12 Bottles
MHW, Ltd. (NWS Michigan, LLC)	750ml Gentleman Jack w/Bottle Opener	6 Bottles
Proximo Spirits, Inc. (NWS Michigan, LLC)	750ml Gentleman Jack w/Gl & Wsky Stone	6 Bottles
	750ml J Daniels Tennessee Honey w/Gl	12 Bottles
	750ml New Amsterdam w/50ml Mango Vdk	12 Bottles
	750ml Chopin Potato w/50ml Potato Vdk	6 Bottles
	750ml 1800 Coconut w/Pineapple Juice	6 Bottles
	750ml 1800 Silver w/Pineapple Juice	6 Bottles

Remy Cointreau USA, Inc. (NWS Michigan, LLC)	750ml Cointreau w/Lime Squeezer	6 Bottles
Moet Hennessy USA, Inc. (NWS Michigan, LLC)	750ml Belvedere Vodka w/GI	6 Bottles
Skyy Spirits, LLC (General Wine & Liquor Co.)	750ml Glenmorangie Original w/2-50ml	6 Bottles
	750ml Espolon Anejo w/Bottle Pourer	6 Bottles
	750ml Skyy Barcft Marg Lime w/Cana Dry	6 Bottles
	750ml Skyy Infusion Blubrry w/Lemonade	12 Bottles
	750ml Skyy Infusion Citrus w/4-50ml	6 Bottles
Diageo Americas, Inc. (NWS Michigan, LLC)	750ml Wild Turkey Amer Hny w/Ice Tea	6 Bottles
	1750ml Capt Morg Spiced w/Sht GI	6 Bottles
	750ml Capt Morg Spiced w/50ml Wh Rum	12 Bottles
	750ml Crown Royal w/Flask	6 Bottles
	750ml Smirnoff 80 PL w/Key Chain	12 Bottles

D. That the following requests for deletion of product from the approved products list be approved for delisting, effective May 3, 2015:

<u>COMPANY</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Bacardi U.S.A., Inc. (General Wine & Liquor Co.)	1000ml Bacardi 8 Rum	12 Bottles
Brown-Forman Corporation (General Wine & Liquor Co.)	200ml El Jimador Reposado Tequila	48 Bottles
	200ml El Jimador Silver Tequila	48 Bottles
	750ml Southern Comfort Black Cherry	12 Bottles
William Grant & Sons, Inc. (General Wine & Liquor Co.)	750ml Balvenie Portwood 21 Yr. Scotch	6 Bottles
	750ml Glenfiddich 18 Yr. Scotch	12 Bottles
Royal Wine Corporation (General Wine & Liquor Co.)	750ml Tomintoul Peated Scotch	12 Bottles
Royal Wine Corporation (NWS Michigan, LLC)	750ml Xante Cognac	12 Bottles
Savvy Distillers, L.P. (General Wine & Liquor Co.)	50ml Deep Eddy Lemon PL Vodka	120 Bottles

Moved by Commissioner Olshove, supported by Chairman Deloney, that the above actions be taken in accordance with the E-Quote reports dated April 14, 2015, motion carried by unanimous vote.

III. Ms. Hamilton presented licensee requests for special price reductions on spirit products in accordance with the provisions of the Commission's Order of September 11, 2012 regarding special price reductions on spirit products, which was effective on January 1, 2013. She advised there were forty one (41) different licensees

requesting price reductions; that 305 product price reductions could be approved; and that there were zero product price reductions to be denied.

Moved by Commissioner Olshove, supported by Chairman Deloney, that the 305 special price reductions be approved as indicated on the attached Approval for Price Reduction on Liquor reports, motion carried by unanimous vote.

- IV. Mr. Robinson presented a request from Brown-Forman Corporation (Brown) asking to exchange all of the Southern Comfort Fiery Pepper in the market with the same size bottle of regular Southern Comfort as the quality assurance dates have expired on the Fiery Pepper and the product has been discontinued. He advised that Brown has surveyed the market and there are 683 bottles in three different sizes spread among numerous accounts. Mr. Robinson advised we have allowed exchanges of this nature to be approved in the past.

Moved by Commissioner Olshove, supported by Chairman Deloney, that the request for exchange of discontinued products with comparable products in size and price, be approved, motion carried by unanimous vote.

- V. Mr. Robinson presented the report for Delisting of Liquor Codes with Minimal Sales and requested that 523 products listed on the attached sheets, be delisted effective June 28, 2015, per compliance with Bulletin No. 2012-09, dated June 5, 2012. He advised this process is carried out biannually for one year sales periods at the end of March and September, to control the number of products contained in the MLCC Price Book. Mr. Robinson stated the Vendors of Spirits and the Vendor Representatives are contacted via email and by letter that their products are being delisted, and are given the opportunity to demonstrate why their products should continue to be offered in the Price Book.

Moved by Chairman Deloney, supported by Commissioner Olshove, that the Delisting of Liquor Codes with Minimal Sales report, be approved as written and presented, motion carried by unanimous vote.

- VI. Old Business.

There was no Old Business.

- VII. New Business.

There was no New Business.

VIII. Public Comments.

Mr. Brian Zetouna, representing Allied Liquor Stores of Michigan, appeared before the Commission to discuss 436.1541, specifically the section dealing with the minimum inventory requirement of \$250,000. He advised his members are reporting that businesses are bumping up their inventory until they have been approved for a license, then letting their inventory levels fall down to less than what is required. Mr. Zetouna would like the Commission to enforce this rule so all businesses are playing on a level field.

Eileen Kowall from MSG Consultants also spoke on this subject advising other businesses are seen as getting around this rule so more are following suit and could the Commission enforce this issue. She questioned whether the rule could be changed to lower the required minimum inventory amount.

Chairman Deloney spoke on the general powers of the Commission as stated in 436.1201, and the rule making process that is overseen by the of Office Regulatory Reinvention. He advised that it has been suggested that the Commission can change the inventory amount through our rule making process, but it is a statute and this is not a change the Commission can make. Chairman Deloney stated the Commission does enforce the inventory amount, despite the difficulties inherent in doing so. He stated that the Commission has held Show Cause Hearings for violators of this statute. Chairman Deloney advised there is an anonymous tip line that can be used to report locations that may be in violation of the inventory amount requirement.

With no further business, moved by Commissioner Olshove, supported by Chairman Deloney, that the business meeting be adjourned at 12:05 p.m., motion carried by unanimous vote.

Andrew J. Deloney,
Chairman

Anita Fawcett
Executive Services