



ADMINISTRATIVE
MEETING OF THE
MICHIGAN LIQUOR CONTROL COMMISSION

Held: Tuesday, May 15, 2012
Lansing District Office

Present: Andrew J. Deloney, Chairman
Teri L. Quimby, Commissioner

Staff: Steve Robinson, Director of Finance Division
Tom Hagan, Director of Enforcement Division
Sharon Martin, Director of Licensing Division
Julie Wendt, Director of Executive Services Division
Andrew Neumann, Director of Administrative Services Division
Pam Hamilton, Deputy Director of Finance Division
Tim Kovacik, Deputy Director of Executive Services Division
Lissa Watson, Supervisor of Licensing Division
Jessica Switzer, Licensing Division
Delphine Ingram, Licensing Division
Anita Fawcett, Executive Services Division

The meeting was called to order by Chairman Deloney at 11:10 a.m., noting a quorum was present.

- I. **Moved by Commissioner Quimby, supported by Chairman Deloney, that the minutes of the Commission meeting of May 1, 2012, be approved as written and presented, motion carried by unanimous vote.**
- II. Mr. Robinson 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 meet other exceptions as indicated and be approved for listing in the approved products list effective June 3, 2012:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Cooper Spirits International, LLC (NWS Michigan, Inc.)	50ml St. Germain Liqueur 200ml St. Germain Liqueur	48 Bottles 12 Bottles
Hood River Distillers, Inc. (General Wine & Liquor Co.)	50ml Pendleton Canadian	60 Bottles

Itsko Imports Inc. (General Wine & Liquor Co.)	750ml Casino Azul Anejo Ultra Prem Tequila	6 Bottles
Proximo Spirits, Inc. (General Wine & Liquor Co.)	750ml 1800 Essential Silver 2012 Tequila	6 Bottles
Moet Hennessy USA, Inc. (NWS Michigan, Inc.)	1750ml Belvedere Vodka	6 Bottles
Whyte and Mackay Americas Limited LLC (General Wine & Liquor Co.)	100ml Glenmorangie Collection 4 Pk	24 Bottles
	750ml Isle of Jura Prophecy Scotch	6 Bottles
	750ml The Dalmore King Alexander III	6 Bottles
	750ml The Dalmore – 18yr Scotch	6 Bottles
	750ml Whyte & Mackay Old Luxury – 19yr	6 Bottles
	750ml Whyte & Mackay Supreme – 22yr	6 Bottles

A. That the products listed below be granted exceptions to the standard pack size, inasmuch as the items are packaged nationally or meet other exceptions as indicated and be approved for listing in the approved products list effective July 1, 2012:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Few Spirits, LLC (General Wine & Liquor Co.)	750ml Few Spirits Gin	6 Bottles
HIWWS, Inc. (General Wine & Liquor Co.)	200ml Sea Vodka	24 Bottles

B. That the following requests for addition of product to the approved products list be approved for listing, effective June 3, 2012:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACKSIZE</u>
Jim Beam Brands Company (NWS Michigan, Inc.)	1000ml Sauza Blue Reposado Tequila	12 Bottles
Beverage Solution Technologies, LLC (NWS Michigan, Inc.)	1000ml Sauza Blue Silver Tequila	12 Bottles
	750ml 1492 Cristobal Reserve Rum	12 Bottles
	750ml Avellino Liqueur	12 Bottles
	750ml RMD Rum	12 Bottles
Cabresto Imports Corporation (General Wine & Liquor Co.)	750ml Cabresto Reposado Tequila	12 Bottles
	750ml Cabresto Silver Tequila	12 Bottles
Hood River Distillers, Inc. (General Wine & Liquor Co.)	375ml Pendleton PL Canadian	24 Bottles
	50ml Sinfire PL Canadian	120 Bottles
	375ml Sinfire PL Canadian	24 Bottles
Impex Beverages, Inc. (General Wine & Liquor Co.)	750ml Isle of Arran Amarone Scotch	12 Bottles
	750ml Isle of Arran Machrie Moor Scotch	12 Bottles
	750ml Isle of Arran Port Scotch	12 Bottles

	750ml Isle of Arran Sauternes Scotch	12 Bottles
	750ml Isle of Arran – 14yr Scotch	12 Bottles
	750ml Isle of Skye – 12yr Scotch	12 Bottles
	750ml Isle of Skye – 8yr Scotch	12 Bottles
	750ml Kilchoman Machir Bay Scotch	12 Bottles
	750ml Marquis De Montesquiou VSOP	12 Bottles
	750ml Marquis De Montesquiou XO	12 Bottles
	750ml Smokehead Scotch	12 Bottles
McCormick Distilling Company, Inc. (General Wine & Liquor Co.)	750ml McCormick Apple Vodka	12 Bottles
	750ml McCormick Peach Vodka	12 Bottles
	750ml McCormick Raspberry Vodka	12 Bottles
	750ml McCormick Vanilla Vodka	12 Bottles
Illyrian Import, Inc. (NWS Michigan, Inc.)	750ml Ara Jan Brandy	12 Bottles
Overseas International, Inc. (General Wine & Liquor Co.)	750ml Teton Glacier Vodka	12 Bottles
	1000ml Teton Glacier Vodka	12 Bottles
RGI Brands, LLC (General Wine & Liquor Co.)	750ml Traverse City Whiskey Co.	12 Bottles
United States Distilled Products Co. (General Wine & Liquor Co.)	750ml Mothers Apple Pie Liqueur	12 Bottles

That the request of Big Cedar Distilling Inc., holder of 2012 Small Distiller license, for addition of products to the approved products list, be approved for listing effective June 3, 2012; further prior to any sale and distribution of these products through the Commission’s spirit distribution system, Big Cedar Distilling Inc., 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 Big Cedar Bourbon Whiskey	12 Bottles
375ml Cinnister Liqueur	24 Bottles
750ml Incentive Vanilla Vodka	12 Bottles

B. That the following requests for addition of product to the approved products list be approved for listing, effective July 1, 2012:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACKSIZE</u>
William Grant & Sons, Inc. (General Wine & Liquor Co.)	750ml Stoli Salted Karamel Vodka	12 Bottles
	1000ml Stoli Salted Karamel Vodka	12 Bottles
HIWWS, Inc. (General Wine & Liquor Co.)	750ml Sea Vodka	12 Bottles
	1000ml Sea Vodka	12 Bottles

Luxco, Inc.	50ml Pearl Peach PL Vodka	120 Bottles
(General Wine & Liquor Co.)	1000ml Pearl Peach PL Vodka	12 Bottles
	1750ml Pearl Peach PL Vodka	6 Bottles

That the request of Big Cedar Distilling Inc., holder of 2012 Small Distiller license, for addition of products to the approved products list, be approved for listing effective July 1, 2012; further prior to any sale and distribution of these products through the Commission's spirit distribution system, Big Cedar Distilling Inc., 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 Castaway Spiced Rum	12 Bottles
750ml Incentive Gold Vodka	12 Bottles
375ml Mocha Java Coffee	24 Bottles

C. That the following requests for promotional or special packaging be approved for listing, effective June 3, 2012:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Heaven Hill Distilleries, Inc.	750ml Hpnotiq Harmonie w/2 Gl's	6 Bottles
(General Wine & Liquor Co.)	750ml Hpnotiq w/2 Gl's	6 Bottles
Diageo Americas, Inc.	750ml Jose Cuervo ESP w/50ml Cr Roysl	12 Bottles
(NWS Michigan, Inc.)	750ml Jose Cuervo ESP w/50ml Don Blanc	12 Bottles

D. That the following requests for deletion of product from the approved products list be approved for delisting, effective June 3, 2012:

<u>COMPANY</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
McCormick Distilling Company, Inc.	750ml McCormick Apple Vodka	12 Bottles
(General Wine & Liquor Co.)	750ml McCormick Peach Vodka	12 Bottles
	750ml McCormick Raspberry Vodka	12 Bottles
	750ml McCormick Vanilla Vodka	12 Bottles
Moet Hennessy USA, Inc.	1750ml Belvedere Vodka	3 Bottles
(NWS Michigan, Inc.)		

After discussion, no action will be taken at this time on the following two products pending further information and review:

Itsko Imports, Inc.	100ml Casino Azul Silver Tequila	72 Bottles
(General Wine & Liquor Co.)		

Impex Beverages, Inc.
(General Wine & Liquor Co.)

750ml Isle of Arran – 10yr Scotch

12 Bottles

Moved by Commissioner Quimby, supported by Chairman Deloney, that the above actions be taken in accordance with the E-Quote reports dated May 10, 2012, 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 February 15, 2006 regarding special price reductions on spirit products. She advised there are nine different licensees requesting price reductions; that 168 price reductions should be approved; and that 13 price reductions should be denied for the reasons stated in the attached reports.

Moved by Commissioner Quimby, supported by Chairman Deloney, that the 168 special price reductions be approved as indicated on the attached Approval for Price Reduction on Liquor reports, motion carried by unanimous vote.

Moved by Commissioner Quimby, supported by Chairman Deloney, that the 13 special price reductions be denied for the reasons stated in the attached Notification of Denial for Price Reduction reports, motion carried by unanimous vote.

- IV. Ms. Hamilton presented a brief summary of the 2010-2011 Annual Financial Statement. She advised the reports show the results of our operations for the period of October 1, 2010 through September 30, 2011 and is compared with the 2009-2010 fiscal year. Ms. Hamilton advised Gross Sales were \$978,513,652, up from last year by over \$38,000,000 or 4.1%, and that Distilled Spirit case sales were 7,117,299 and were up from last year by 239,426 cases or 3.5%. She advised that income transferred to the General Fund as a result of liquor operations was \$164,250,530 or 4.5% higher than last year; total revenue collected (which includes all revenue such as license fees, taxes, fines and income from operations) was \$347,228,350, which is over \$13,000,000 higher than last year.

Chairman Deloney stated that it appears that retailers are selling what the customers want, that vendors are supplying the products that are needed and these are encouraging numbers in terms of revenue for the State. He indicated his appreciation for everyone involved in the importation, distribution, and sales of spirits in Michigan.

Moved by Commissioner Quimby, supported by Chairman Deloney, that the 2010-2011 Annual Financial Statement be accepted, motion carried by unanimous vote.

- V. Mr. Robinson presented requests for the continued listing of products which were ordered delisted effective July 1, 2012. He advised that 27 vendors have asked to save 135 products from delisting and those copies of the requests and a summary of the products are on file in the Commission's records. Mr. Robinson recommends that the Commission approve 123 products and deny 12 products as these have had 2 years to demonstrate sales of at least 3 cases within 6 months. He advised this would cancel 386 products from the price book if approved.

Chairman Deloney advised he has had ongoing discussions with Mr. Robinson about changing this process and it is expected that new standards will be implemented within the next month. Chairman Deloney stated he is proud of Michigan's open door policy for new spirit products but those products must demonstrate success in the marketplace. He indicated that the Commission must have standards to keep costs down and produce a profit for the State of Michigan.

Moved by Chairman Deloney, supported by Commissioner Quimby, that the requests for continued listing of 128 products as attached in the supplemental minutes, be approved; motion carried by unanimous vote.

Moved by Chairman Deloney, supported by Commissioner Quimby, that the requests for continued listing of 12 products as attached in the supplemental minutes, be denied as these products have had two years to demonstrate sales of three cases within six months; motion carried by unanimous vote.

- VI. Mr. Robinson presented a request from Prichard's Distillery for an authorized distribution agent (ADA) change for its product line (5 different products) to move from General Wine and Liquor Company, Inc., to NWS Michigan, Inc. with the change being effective July 29, 2012. He advised this change of ADAs would consolidate the delivery responsibility along with broker representation.

Moved by Chairman Deloney, supported by Commissioner Quimby, that the request from Prichard's Distillery for an ADA change to move its product line, from General Wine & Liquor Co., to NWS Michigan, Inc., be approved effective July 29, 2012, motion carried by unanimous vote.

- VII. Mr. Robinson presented a proposed bulletin which would notify retail licensees of the price change effective October 1, 2012 and that the prices in the July 29, 2012 price book would be effective for two (2) months instead of the normal three (3) months. He advised the reason for the change is to comply with the effective date of Public Act 166 of 2011, which repealed the specific tax equal to 1.85% of the retail selling price of spirits sold for consumption off the premises. Mr. Robinson wanted to be sure the retailers are aware of the price change and this bulletin will be inserted into the upcoming price book.

Moved by Chairman Deloney, supported by Commissioner Quimby, that the bulletin be approved as written and presented, motion carried by unanimous vote.

VIII. Old Business

There was no Old Business.

IX. New Business

Ms. Wendt advised that House Bill 5611 was introduced by Representative Quimet on May 9, 2012 and allows the Michigan Liquor Control Commission to issue a temporary Class C or Tavern license at an outdoor stadium typically used for intercollegiate events for the Winter Classic Hockey Game between the Detroit Red Wings and the Toronto Maple Leafs on January 1, 2013. She stated that there will be a House Regulatory Committee Hearing on this bill on May 23, 2012.

Ms. Wendt advised that Senate Bill No. 1120 was introduced by Senators Hansen, Walker, Proos, Robertson, Kowall, Schuitmaker, Meekoff, and Booher on May 9, 2012 and allows the Michigan Liquor Control Commission to issue a Farmer's Market Permit to a Small Wine Maker or an equivalent out-of-state entity to conduct tastings and sell, at retail, wine produced by that Small Wine Maker at farmer's markets. She advised that there are no scheduled hearings on this bill.

X. Public Comments

There were no Public Comments.

With no further business, moved by Commissioner Quimby, supported by Chairman Deloney, that the business meeting be adjourned at 11:34 a.m., motion carried by unanimous vote.

Anita Fawcett
Executive Services

Andrew J. Deloney
Chairman