



BUSINESS MEETING OF THE
MICHIGAN LIQUOR CONTROL COMMISSION

Held: Tuesday, September 11, 2012
Lansing District Office
7150 Harris Drive
Lansing MI 48909

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

Absent: None

Staff: Kerry Krone, Business Manager
Steve Robinson, Director of Finance Division
Sharon Martin, Director of Licensing Division
Julie Wendt, Director of Executive Services Division
Andy Neumann, Director of Administrative Service Division
Pamela Hamilton, Deputy Director of Finance Division
Scott Maul, Deputy Director of Licensing Division
Tim Kovacik, Deputy Director of Executive Services Division
Bonnie Sadlak, Licensing Division, Unit 1
Kim Whitely, Licensing Division, Unit 1
Renee Byrd, Licensing Division, Unit 1
Anita Fawcett, Executive Services Division

The meeting was called to order by Chairman Deloney at 11:43 a.m., noting a quorum was present.

- I. **Moved by Commissioner Olshove, supported by Commissioner Quimby, that the minutes of the Commission meeting of August 28, 2012, be approved as written and presented, motion carried by unanimous vote.**

- II. Mr. Robinson presented a proposed Administrative Order that would rescind the order dated July 24, 2001 establishing certain criteria for the listing of spirit products with additional merchandise commonly referred to as "value-added packages." This proposed Administrative Order establishes the business operation procedures for the authorized distribution agents for value added packages and

expands the additional merchandise contained in value added packages to include up to four 50 milliliter spirit products under certain specific conditions contained in the order.

Moved by Chairman Deloney, supported by Commissioner Quimby, that Administrative Order 2012-06, be approved as written and presented, motion carried by unanimous vote.

Mr. Robinson presented a proposed Administrative Order that would rescind the previous order dated February 15, 2006, regarding the Spirit Price Reduction Program. He advised that to improve this program and to better serve the Specially Designated Distributors licensees, new conditions and procedures should be implemented. Mr. Robinson advised these changes will include the removal of the top 30 statewide code condition, the removal of the six month purchase condition, a change in the maximum allowable price reduction percentage, and the creation of a minimum retail shelf price, below which price reduction requests will not be approved. He advised the Rescission and the Approval of these orders will be effective January 1, 2013.

Moved by Chairman Deloney, supported by Commissioner Olshove, that Administrative Order 2012-07, be approved as written and presented, motion carried by unanimous vote.

Mr. Robinson presented proposed Administrative Order that would rescind the previous Order dated March 28, 2006 regarding Holiday Distribution of Value Added Packages. He advised the existing Order did not achieve its intended purpose, an equitable distribution of value added packages during the holiday season. Mr. Robinson advised that instead the Order became an unnecessary restriction of the packaging and marketing trends in this industry.

Moved by Chairman Deloney, supported by Commissioner Olshove, that Administrative Order 2012-08, be approved as written and presented, motion carried by unanimous vote.

- III. 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 October 1, 2012:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Bacardi U.S.A., Inc. (General Wine & Liquor Co.)	50ml Bacardi Variety Rums PL 6 Pk	72 Bottles
Brown-Forman Corporation (General Wine & Liquor Co.)	750ml Woodford RSRV Four Wood	4 Bottles
Drinks Americas, Inc. (General Wine & Liquor Co.)	750ml Kah Blanco End of Days	6 Bottles
E. & J. Gallo Winery (General Wine & Liquor Co.)	200ml Shellback Silver Rum	24 Bottles
	50ml Shellback Silver PL Rum	60 Bottles
	200ml Shellback Spiced Rum	24 Bottles
	50ml Shellback Spiced Rum	60 Bottles
William Grant & Sons, Inc. (General Wine & Liquor Co.)	750ml Balvenie Doublewood 17 yr Scotch	6 Bottles
Imperial Brands, Inc. (General Wine & Liquor Co.)	50ml Sobieski Black Cherry PL	96 Bottles
Lapham Sales & Marketing Inc. (NWS Michigan, Inc.)	750ml Louis Royer Preference VSOP	6 Bottles
	750ml Louis Royer VSOP Force 53	6 Bottles
	MHW, Ltd. (NWS Michigan, Inc.)	750ml Dorda Double Chocolate
Monsieur Henri Wine Company (NWS Michigan, Inc.)	750ml Del Maguey Chichicapa	6 Bottles
	750ml Del Maguey Minero	6 Bottles
	750ml Del Maguey San Luis Del Rio	6 Bottles
	750ml Del Maguey Santo Domingo Albar	6 Bottles
	750ml Del Maguey Tobala	6 Bottles
	750ml Del Maguey Vida	6 Bottles
Pernod Ricard USA, LLC (NWS Michigan, Inc.)	1750ml Avion Silver Tequila	3 Bottles
	750ml Midleton Barry Crockett Legacy	3 Bottles
Phillips Products Company, LLC (General Wine & Liquor Co.)	750ml Tomatin 15 yr 104 Scotch	6 Bottles
Piedmont Distillers Inc. (General Wine & Liquor Co.)	750ml Jr Johnsn Mdngrt Moon Blackberry	6 Bottles
Proximo Spirits, Inc. (General Wine & Liquor Co.)	50ml Ron Matusalem Gran Reserva	120 Bottles
Luxco, Inc. (General Wine & Liquor Co.)	750ml Everclear Lightnin	6 Bottles
The Rebel Spirits Group, LLC (General Wine & Liquor Co.)	750ml Zims Eighty-One Vodka	6 Bottles
	750ml Zims Fifty-Nine Vodka	6 Bottles
Diageo Americas, Inc. (NWS Michigan, Inc.)	750ml Caol Ila 14 yr Scotch	6 Bottles
	750ml Glenkinchie Distillers Edition	6 Bottles
	750ml Oban 18yr Scotch	6 Bottles

750ml Port Ellen 32 yr Scotch	6 Bottles
750ml Talisker 18 yr Scotch	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 October 28, 2012:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Capstone International, Inc. (General Wine & Liquor Co.)	750ml Heavy Water Vodka	6 Bottles
Lapham Sales & Marketing Inc. (NWS Michigan, Inc.)	200ml Louis Royer Preference VSOP	24 Bottles
	200ml Louis Royer VSOP Force 53	24 Bottles
Diageo Americas, Inc. (NWS Michigan, Inc.)	50ml Baileys Hazelnut Irish Cream PL	80 Bottles

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

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Brown-Forman Corporation (General Wine & Liquor Co.)	375ml Southern Comfort Lime PL	24 Bottles
E. & J. Gallo Winery (General Wine & Liquor Co.)	375ml Shellback Silver Rum	24 Bottles
	750ml Shellback Silver Rum	12 Bottles
	1000ml Shellback Silver Rum	12 Bottles
	375ml Shellback Spiced Rum	24 Bottles
	750ml Shellback Spiced Rum	12 Bottles
	1000ml Shellback Spiced Rum	12 Bottles
Heaven Hill Distilleries, Inc. (General Wine & Liquor Co.)	1000ml Burnett's Gin (RD)	12 Bottles
Imperial Brands, Inc. (General Wine & Liquor Co.)	750ml Sobieski Black Cherry Vodka	12 Bottles
	1000ml Sobieski Black Cherry Vodka	12 Bottles
	750ml Sobieski Toasted Coconut Vodka	12 Bottles
MHW, Ltd. (General Wine & Liquor Co.)	1750ml Black Beard Spiced Rum	6 Bottles
	1750ml Country Girl Lemonade	6 Bottles
	1750ml Country Girl Margarita	6 Bottles
	1750ml Country Girl Peach Sweet Tea	6 Bottles
New Holland Brewing Company, L.L.C. (General Wine & Liquor Co.)	750ml New Holland Beer Barrel	12 Bottles

Palm Bay International, Inc. (General Wine & Liquor Co.)	1750ml Voli Lemon Light Vodka	6 Bottles
	1750ml Voli Light Vodka	6 Bottles
	1750ml Voli Orange Vanilla Fusion Lgt	6 Bottles
Pernod Ricard USA, LLC (NWS Michigan, Inc.)	1000ml Fris Citrus Vodka	12 Bottles
	1000ml Fris Orange Vodka	12 Bottles
	750ml Kahlua Gingerbread Coffee	12 Bottles
	200ml Seagram's Peach Twisted Gin	48 Bottles
Proximo Spirits, Inc. (General Wine & Liquor Co.)	50ml Three Olives Smores Vodka	120 Bottles
Sazerac Company, Inc. (NWS Michigan, Inc.)	1000ml Platinum 7X (RD) Vodka	12 Bottles
Luxco, Inc. (General Wine & Liquor Co.)	750ml Pearl Cherry Vodka	12 Bottles
	750ml Pearl Grape Vodka	12 Bottles
	50ml Pearl Rainbow Case #3 PL	120 Bottles
Constellation Brands SMO, LLC (General Wine & Liquor Co.)	1750ml Svedka Colada Vodka	6 Bottles
Diageo Americas, Inc. (NWS Michigan, Inc.)	750ml Baileys Hazelnut Irish Cream	12 Bottles
United States Distilled Products Co. (General Wine & Liquor Co.)	1750ml Rondiaz Spiced Rum PL	6 Bottles
Yahara Bay Distillers, Inc. (General Wine & Liquor Co.)	750ml Greyling Gin	12 Bottles

C. That the following requests for promotional or special packaging be approved for listing, effective October 1, 2012:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Bacardi U.S.A., Inc. (General Wine & Liquor Co.)	750ml Bacardi Gold w/Metal Pourer	12 Bottles
	750ml Bacardi Limon w/Metal Pourer	12 Bottles
	750ml Bacardi Oakheart w/Metal Pourer	12 Bottles
	750ml Bacardi Superior w/Metal Pourer	12 Bottles
Jim Beam Brands Co. (NWS Michigan, Inc.)	375ml Gilbey's DLD w/50ml Gin PI	24 Bottles
	375ml Jim Beam w/50ml Devils Cut	12 Bottles
	375ml Jim Beam w/50ml Red Stag	12 Bottles
	750ml Red Stag w/2-50ml & Shot Gls	6 Bottles
Brown-Forman Corporation (General Wine & Liquor Co.)	375ml El Jimador Reposado w/50ml Repos	12 Bottles
	750ml J Daniel Sngl Barl w/Bttl Stopper	6 Bottles
	750ml Jack Daniels Blk w/2 Gls	6 Bottles
	1750ml Jack Daniels Old 7 Blk w/Tin	6 Bottles

Pernod Ricard USA, LLC (NWS Michigan, Inc.)	750ml Absolut Unique Edition	12 Bottles
	750ml Jameson (Irish) w/Tin	6 Bottles
	750ml Kahlua 40 w/Tin	6 Bottles
	750ml Seagrams Extra w/50ml Pineapl Tw	12 Bottles
Proximo Spirits, Inc. (General Wine & Liquor Co.)	750ml 1800 Silver w/50ml Cocnt & Juice	6 Bottles
	1750ml Three Olives w/Hot Sauce	6 Bottles
Remy Cointreau USA, Inc. (NWS Michigan, Inc.)	750ml Metaxa 7 Star Liq (GR) w/2 GlS	6 Bottles
Luxco, Inc. (General Wine & Liquor Co.)	750ml Pearl Peach w/50ml Red Berry	12 Bottles
Constellation Brands SMO, LLC (General Wine & Liquor Co.)	750ml Svedka Colada w/Pineappl Juice	6 Bottles

C. That the following requests for promotional or special packaging be approved for listing, effective October 28, 2012:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Lapham Sales & Marketing Inc. (NWS Michigan, Inc.)	750ml Louis Royer Preference w/2 GlS	6 Bottles
Luxco, Inc. (General Wine & Liquor Co.)	750ml Pearl Red Berry w/50ml Peach	12 Bottles

D. That the following requests for deletion of product from the approved products list be approved for delisting, effective October 1, 2012:

<u>COMPANY</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Bacardi U.S.A., Inc. (General Wine & Liquor Co.)	50ml Bacardi Variety Rums PL 6 Pk	120 Bottles
Luxco, Inc. (General Wine & Liquor Co.)	750ml Arrow Blue Curacao	12 Bottles
	750ml Arrow Cr De Banana	12 Bottles
	750ml Arrow Raspberry Schnapps	12 Bottles
	750ml Arrow Sloe Gin	12 Bottles
	1000ml Arrow Sloe Gin	12 Bottles

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

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Temperance Distilling Company (NWS Michigan, Inc.)	375ml Liquor Whipped Caramel	12 Bottles
	375ml Liquor Whipped Chocolate	12 Bottles
	375ml Liquor Whipped Vanilla	12 Bottles
	375ml Liquor Whipped Wh Choc Pprmt	12 Bottles

Moved by Chairman Deloney, supported by Commissioner Quimby, that the above actions be taken in accordance with the E-Quote reports dated September 10, 2012, motion carried by unanimous vote.

- IV. 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 nineteen different licensees requesting price reductions; that 362 price reductions should be approved; and that 24 price reductions should be denied for the reasons stated in the attached reports.

Moved by Chairman Deloney, supported by Commissioner Olshove, that the 362 special price reductions be approved as indicated on the attached Approval for Price Reduction on Liquor reports, motion carried by unanimous vote.

Moved by Chairman Deloney, supported by Commissioner Olshove, that the 24 special price reductions be denied for the reasons stated in the attached Notification of Denial for Price Reduction reports, motion carried by unanimous vote.

- V. Ms. Hamilton presented a summary of the July 2012 financial statement. She stated the report reflects the results of our operation for the period of October 1, 2011 through July 31, 2012, and is compared with the same period from the previous fiscal year. Ms. Hamilton reported that the Distilled Spirit case sales were 6,093,205, or a 3.8% increase; and that the Total Gross Sales were \$852,866,691, which is 5.6% higher than last year. She advised that Net Income from liquor sales was \$145,093,476 or 6.4% increase, and that combined Beer and Wine tax revenues were \$39,070,207, up by \$1,213,576.

Moved by Chairman Deloney, supported by Commissioner Quimby, that the financial report for July 2012, be accepted, motion carried by unanimous vote.

- VI.** Mr. Robinson presented a proposed bulletin that will be sent to Vendors and Vendors Representatives informing them of the Quotation Filing Deadline Dates for 2013. He advised this is a routine bulletin that is sent out yearly to provide tentative filing deadline dates and effective dates for new items and case cost changes for Vendors of Spirits and Vendor Representatives.

Moved by Chairman Deloney, supported by Commissioner Olshove, that Bulletin 2012-14, be approved as written and presented, motion carried by unanimous vote.

- VII.** Ms. Hamilton presented the Michigan Liquor Control Commission (MLCC) 2011 Revenue, Sales and Licensing Statistics book which is compiled by the Finance Division staff. She advised that this book is not something that is required by statute or administrative rules but has been very helpful to the public. Ms. Hamilton advised that most of the information included in this book has already been published, but the book compiles the information in once place. She advised we will not be printing any hard copies, but the book will be placed on our website.

Chairman Deloney advised the Commission does not need to approve this publication, and thanked Ms. Hamilton for the hard work and diligence to gather the information needed to complete the book.

- VIII.** Mr. Robinson presented a request from Pernod Ricard USA, LLC, for an authorized distribution agent (ADA) change for ten (10) products to move from General Wine and Liquor Company, Inc., to NWS Michigan, Inc., with the change being effective February 3, 2013. He advised that Pernod Ricard USA, LLC acquired the U.S. distribution rights to Wiser's Canadian whiskey and Polar Ice Vodka products and that this change of ADAs would consolidate the warehousing and delivery responsibility along with broker representation for all their products to NWS Michigan, Inc.

Moved by Chairman Deloney, supported by Commissioner Quimby, that the request from Pernod Ricard USA, LLC, for an ADA change to move ten (10) products, from General Wine & Liquor Co., to NWS Michigan, Inc., be approved effective February 3, 2013, motion carried by unanimous vote.

- IX.** Old Business

There was no Old Business.

X. New Business

Commissioner Quimby advised that an Administrative Order has been prepared to rescind three existing orders that were enacted to set guidelines for Trade Show and Convention Participation. She advised these orders are dated March 2, 1983, September 18, 1991, and September 27, 1991. After review and discussion of these issues at the meeting, the Commission finds that the statutory provisions and administrative rules set forth the requirements and that the previous orders with the above noted dates should be rescinded.

Moved by Commissioner Quimby, supported by Chairman Deloney, that Administrative Order 2012-10, be approved as written and presented, motion carried by unanimous vote.

XI. Public Comments

Chairman Deloney advised that the Licensing Division is continuing to use Consent Agendas to speed up the permit approval process and that it is working well. He stated that the Licensing Division is also looking at further expansion of the Consent Agendas to include permanent Outdoor Service permits as well as other types of applications.

Chairman Deloney stated that with all the changes being made to the licensing procedures at record pace, some processes have suffered despite the hard work of the staff. He is happy to report that the Unit 1 staff of the Licensing Division has eliminated its initial request transaction backlog. Chairman Deloney recognized the staff of Unit 1 who were present at the meeting and congratulated them on a job well done.

With no further business, moved by Commissioner Olshove, supported by Commissioner Quimby, that the business meeting be adjourned at 11:25 a.m., motion carried by unanimous vote.

Anita Fawcett
Executive Services

Andrew J. Deloney
Chairman