



ADMINISTRATIVE
MEETING OF THE
MICHIGAN LIQUOR CONTROL COMMISSION

Held: Tuesday, August 2, 2011
Lansing District Office

Present: Andrew J. Deloney, Chairman
Teri L. Quimby, Commissioner
Donald B. Weatherspoon, Commissioner
Sharon Martin, Director of Licensing Division
Andy Neumann, Director of Administrative Services Division
Steve Robinson, Director of Finance Division
Julie Wendt, Director of Executive Services Division
Tom Hagan, Director of Enforcement Division
Scott Maul, Deputy Director of Licensing Division
Tim Kovacik, Deputy Director of Executive Service Division
Gerald Whalen, 1st Assistant Attorney General
Donald McGehee, Division Chief Alcohol & Gambling
Tony Chester, Extern of Alcohol & Gambling Division
Cindy Schrader, Finance Division
Brenda Whitford, Finance Division
Andrea Miller, Executive Services Division
Anita Fawcett, Executive Services Division

The meeting was called to order by Chairman Deloney at 11:06 a.m.

Chairman Deloney noted that the business meeting scheduled for July 26, 2011, was cancelled as there were no agenda items.

MOVED BY COMMISSIONER QUIMBY, SUPPORTED BY COMMISSIONER WEATHERPSOON, AND UNANIMOUSLY CARRIED, that the minutes of the Commission Meeting of July 19, 2011, be approved as written and presented.

MOVED BY COMMISSIONER QUIMBY, SUPPORTED BY COMMISSIONER WEATHERSPOON, AND UNANIMOUSLY CARRIED, that the following actions be taken in accordance with the E-Quote reports dated August 1, 2011, copies of which are on file in the Commission's supplemental minute record:

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 August 28, 2011:

COMPANY/ADA

PRODUCT

PACK SIZE

Alien Tequila Spirits Company, LLC (General Wine & Liquor Co.)	50ml Alien Anejo Tequila	24 Bottles
Jim Beam Brands Co. (NWS Michigan, Inc.)	750ml Courvoisier X O Cognac	6 Bottles
Domaine Select Wine Estates LLC (General Wine & Liquor Co.)	750ml Laphroaig 25 yr 2011 Edit. Scotch	6 Bottles
	750ml Avena Amaro Siciliano	6 Bottles
	1000ml Avena Amaro Siciliano	6 Bottles
	50ml G'Vine Floraison Gin	96 Bottles
	750ml G'Vine Floraison Gin	6 Bottles
	50ml G'Vine Nouaison Gin	96 Bottles
	750ml G'Vine Nouaison Gin	6 Bottles
Palm Bay International, Inc. (General Wine & Liquor Co.)	50ml OR-G Liqueur	96 Bottles
	375ml OR-G Liqueur	12 Bottles
Park Street Imports LLC (General Wine & Liquor Co.)	50ml Blue Nectar Reposado Tequila	60 Bottles
	750ml Blue Nectar Reposado Tequila	6 Bottles
	50ml Blue Nectar Silver Tequila	60 Bottles
	750ml Blue Nectar Silver Tequila	6 Bottles
	50ml Blue Nectar Special Reserve	60 Bottles
	750ml Blue Nectar Special Reserve	6 Bottles
Proximo Spirits, Inc. (General Wine & Liquor Co.)	750ml Hangar One Maine Wild Blueberry	6 Bottles
Moet Hennessy USA, Inc. (NWS Michigan, Inc.)	750ml Ardbeg Alligator Scotch	6 Bottles
Diageo Americas, Inc. (NWS Michigan, Inc.)	375ml Ciroc Peach Vodka	12 Bottles
	750ml Ciroc Peach Vodka	6 Bottles
	1000ml Ciroc Peach Vodka	6 Bottles

That the following requests for addition of product to the approved products list be approved for listing, effective August 28, 2011:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACKSIZE</u>
Jim Beam Brands Co. (NWS Michigan, Inc.)	750ml Crave Chocolate Cherry	12 Bottles
	750ml Crave Chocolate Chili	12 Bottles
	750ml Crave Chocolate Mint	12 Bottles
William Grant & Sons, Inc. (General Wine & Liquor Co.)	750ml Gibson's 12 yr Canadian	12 Bottles
Diageo Americas, Inc. (NWS Michigan, Inc.)	1750ml Ciroc Peach Vodka	6 Bottles
	750ml Smirnoff Fluffed Marshmallow	12 Bottles
	1000ml Smirnoff Fluffed Marshmallow	12 Bottles
	750ml Smirnoff Whipped Cream	12 Bottles
	1000ml Smirnoff Whipped Cram	12 Bottles
White Rock Distilleries, Inc.	1750ml El Charro Reposado	6 Bottles

(NWS Michigan, Inc.) 1750ml El Charro Silver 6 Bottles

That the request of Northern United Brewing Company, LLC, holder of 2011 Small Distiller License, for the addition to the approved products list of the following products, packed 12 bottles per case, be approved for listing, effective August 28, 2011; further, prior to any sale and distribution of these products through the Commission's spirit distribution system, Northern United Brewing Company, 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 Civilized Gin	12 Bottles
750ml Civilized Rum	12 Bottles
750ml Civilized Rye Whiskey	12 Bottles
750ml Civilized Single Malt	12 Bottles
750ml Civilized Vodka	12 Bottles
750ml Civilized White Dog	12 Bottles
1000ml Old Mission Agave	12 Bottles
1000ml Old Mission Apple	12 Bottles
1000ml Old Mission Gin	12 Bottles
1000ml Old Mission Hopped Gin	12 Bottles
1000ml Old Mission Peated Malt	12 Bottles
1000ml Old Mission Rum	12 Bottles
1000ml Old Mission Sour Mash	12 Bottles
1000ml Old Mission Vodka	12 Bottles

That the following requests for promotional or special packaging be approved for listing, effective August 28, 2011:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Brown-Forman Corporation (General Wine & Liquor Co.)	750ml Canadian Mist/50ml JD Tenn Hon	12 Bottles
Heaven Hill Distilleries, Inc. (General Wine & Liquor Co.)	1750ml Burnett's/50ml Whipped Cr	6 Bottles
	1750ml Mohawk 80/50ml Blkheart PL	6 Bottles
	1750ml Mohawk White/50ml Blkheart PL	6 Bottles
Kobrand Corporation (General Wine & Liquor Co.)	750ml Appleton Est V/X/50ml Res Rum	12 Bottles
	1750ml Appleton Est V/X/50ml Res Rum	6 Bottles
Pernod Ricard USA, LLC (NWS Michigan, Inc.)	750ml Beefeater Gin/Infuser	6 Bottles
Moet Hennessy USA, Inc. (NWS Michigan, Inc.)	750ml Belvedere/Red Capsule Shaker	6 Bottles

That the following requests for deletion of product from the approved products list, be approved effective August 28, 2011:

<u>COMPANY</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Jim Beam Brands Co. (NWS Michigan, Inc.)	750ml Courvoisier X O	12 Bottles

Mr. Robinson presented licensee requests for special price reductions on spirit products. Chairman Deloney made inquiries relative to this procedure and when it was created. Mr. Robinson explained the pertinent points regarding the process. Chairman Deloney noted on the record that this procedure may be subject to review in the future. Commissioner Weatherspoon noted that one licensee has a 50ml priced at \$.67 after the price reduction.

MOVED BY COMMISSIONER QUIMBY, SUPPORTED BY COMMISSIONER WEATHERSPOON, AND UNANIMOUSLY CARRIED, that the indicated actions be taken on the products as listed on the sheet on file in the Commission's supplemental minute record in accordance with the provisions of the Commission's Order of February 15, 2006 regarding special price reductions on spirit products.

Mr. Robinson presented a brief summary of the June 2011 financial statement showing the results of our operations for the period of October 1, 2010 through June 30, 2011. He advised the report needs to be adjusted in order to be comparable since the June 2011 reporting period contains five accounting weeks for spirit sales, whereas June 2010 only contained four weeks. Mr. Robinson reported on the results after removal of the extra week of spirit sales. He advised Distilled Spirit cases sold increased 120,561 (2.41%) during the first nine months compared to last year, that Total Gross Sales increased \$18.2 million (2.66%) and that the Net Income from spirit sales would be approximately \$4.7 million higher, an increase of 4.2%. Mr. Robinson reported that Beer Taxes are still lower than last year by \$846,000 which is in part due to the tax overpayment by one brewer in September 2010 and the subsequent credit in October 2010. He advised that Wine Taxes are \$136,433 higher than last year.

MOVED BY COMMISSIONER QUIMBY, SUPPORTED BY COMMISSIONER WEATHERSPOON, AND UNANIMOUSLY CARRIED, that the financial report for June 2011, be accepted.

Mr. Seth Tompkins, attorney with Sullivan Ward Asher & Patton, P.C. reviewed the facts and issues involved in the request for a Declaratory Ruling that was requested on December 15, 2010, regarding a Michigan brewing company holding a micro brewer license and a retailer holding Class C and brewpub licenses that are involved in court litigation. Mr. Tomkins indicated that the issues involved in the court litigation concerns a brewing contract between

a retailer and a manufacturer as well as an entity with common ownership in a retail licensee holding a promissory note, mortgage, and security interest in a licensed micro brewer. Mr. Tomkins stated that issues involve possible violations of the three tier system relative to the aid and assistance and tied house statutes. He advised that he had agreed to an extension of time in which to render a decision, but never received a response from the Commission. Chairman Deloney advised they will take the matter under advisement.

Spencer Nevins, Vice President of Michigan Beer & Wine Wholesalers Association, requested that a decision be made regarding brewing contracts as brewpubs are entering into brewing contracts with micro breweries that may be in violation of the three tier system and would like the Commission to provide guidance to the retail and micro brewer communities. He advised the Commission that this type of contract would allow a licensee to grow their business and would have the MBWWA's support, if handled legally.

Mr. Robinson advised that at the July 19, 2011 business meeting, the Commission approved a request from Jim Beam Brands Co./Beam Global Spirits & Wine, Inc. for an ADA change to move Skinnygirl Margarita (Product Code 06436) from General Wine and Liquor Company, Inc., to NWS Michigan, Inc.; and a request from Remy Cointreau USA, Inc. for an ADA change to move Cutty Sark (Product Codes 02450, 16501, 16507, 16508 and 70850), from General Wine and Liquor Company, Inc. to NWS Michigan, Inc., effective January 30, 2012. He advised the Commission that the effective date of the change should be January 29, 2012 to coincide with the release of the new price book. **MOVED BY CHAIRMAN DELONEY, SUPPORTED BY COMMISSIONER WEATHERSPOON, AND UNANIMOUSLY CARRIED,** that the effective date of the request for change of products between General Wine and Liquor Company, Inc. and NWS Michigan, Inc., be amended to January 29, 2012.

With no further business, **MOVED BY COMMISSIONER WEATHERSPOON, SUPPORTED BY COMMISSIONER QUIMBY, AND UNANIMOUSLY CARRIED,** that the business meeting be adjourned at 11:33 a.m.

Andrew J. Deloney
Chairman

Anita Fawcett
Executive Services