



BUSINESS MEETING OF THE
MICHIGAN LIQUOR CONTROL COMMISSION

Held: Tuesday, December 10, 2019
Lansing District Office
525 W Allegan
Lansing MI 48933

Present: Patrick Gagliardi, Chairman
Dennis Olshove, Commissioner
Geraldyn Lasher, Commissioner

Absent: None

Staff: Kerry Krone, Business Manger
Pam Hamilton, Director of Finance Division
Anita Fawcett, Administrative Assistant

The meeting was called to order by Chairman Gagliardi at 10:40 a.m., noting a quorum was present.

I. **Moved by Commissioner Olshove, supported by Commissioner Lasher that the minutes of the Commission meeting of November 22, 2019, be approved as written and presented, motion carried by unanimous vote.**

II. Ms. Hamilton presented the E-Quote report for product listings in three categories (see attached report) and requested approval of the following:

That 43 new items with case size exceptions be presented for listing with an effective date of December 29, 2019, and that 1 new item with case size exception be presented for listing with an effective date of February 2, 2019; and

That 40 regular new items be presented for listing with an effective date of December 29, 2019; and that 1 regular new item be presented for listing with an effective date of February 2, 2019; and

That 2 new items with special packaging be presented for listing with an effective date of December 29, 2019.

After discussion, the following twenty-one (21) products were denied as the Commission does not want to be the wholesaler for these products:

E & J Gallo	50ml New Amsterdam Waterln	60 Bottles/case
	200ml New Amsterdam Waterln	3 Bottles/case
Sazerac Co. Inc.	50ml Grind Espresso Shot	60 Bottles/case
	50ml Blk Haus Blkberry	120 Bottles/case

	50ml Parrot Bay Passion Frt	120 Bottles/case
	50ml Parrot Bay Pineapple PL	120 Bottles/case
	50ml Romana Black PL	120 Bottles/case
	50ml Parrot Bay Strawberry PL	120 Bottles/case
Grnd Trav Distillery	375ml Gr Trav Straight BBN	12 Bottles/case
Benchmark Beverage	50ml Koo Liqueur	120 Bottles/case
D'Still, LLC	375ml Motor City Gas Bump/Grnd	24 Bottles/case
LeVecke Corporation	50ml Pau Maui Vodka	120 Bottles/case
Northern Latitudes Dist.	375ml North Lat Apple Brandy	24 Bottles/case
	375ml North Lat Gold Rum LE	24 Bottles/case
West Mich Rum Comp	750ml Burl & Sprig Matisse	12 Bottles/case
	750ml Burl & Sprig Migration 23 yr	12 Bottles/case
	750ml Burl & Sprig Fifth Element	12 Bottles/case
	750ml Burl & Sprig Touche 8 yr	12 Bottles/case
	750ml Burl & Sprig Matisse Vodka	12 Bottles/case
MHW, Ltd.	100ml Rum Chata Limon	48 Bottles/case
TCWC, LLC	200ml Traverse City Whiskey 3 pk	18 Bottles/case

Moved by Commissioner Olshove, supported by Commissioner Lasher that the above actions be taken in accordance with the E-Quote report dated December 9, 2019, as written and presented; 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 seven-three (73) different licensees requesting price reductions; that 1111 product price reductions could be approved; and that 33 product price reductions should be denied.

Moved by Commissioner Olshove, supported by Commissioner Lasher that the 1111 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 Olshove, supported by Commissioner Lasher that 33 special price reductions be denied for the reason stated in the attached Notification of Denial for Price Reduction reports, motion carried by unanimous vote.

- IV. Ms. Hamilton advised 18 requests for Authorized Distribution Agents (ADA's) changes were received, and 6 requests for Vendor and ADA changes were received. If the requests are approved, they would be effective on February 2, 2020. She stated all required documents have been received and satisfy the requirement for these changes.

Moved by Commissioner Olshove, supported by Commissioner Lasher, that the request for ADA and Vendor changes, be approved as written and presented, motion carried by unanimous vote.

- V. Chairman Gagliardi advised the Schedule of MLCC Meetings for 2020 has been presented for approval. He stated this is a schedule of the Commission's meetings and hearings for the year.

Moved by Commissioner Olshove, supported by Commissioner Lasher, that the Schedule of MLCC Meetings 2020 be approved, and the schedule be posted in compliance with the Open Meetings Act, Act 257, PA 1976, as amended; motion carried by unanimous vote.

- VI. Old Business.

There was no Old Business.

- VII. New Business.

Chairman Gagliardi advised the Attorney Generals Office is looking at language for an Administrative Order that will allow the Commission to approve the changing of an Authorized Distribution Agent.

- VIII. Public Comments.

There were no Public Comments.

With no further business, moved by Commissioner Olshove, supported by Commissioner Lasher, that the business meeting be adjourned at 11:00 a.m., motion carried by unanimous vote.

Patrick Gagliardi
Chairman

Anita Fawcett
Administrative Assistant



BUSINESS MEETING OF THE
MICHIGAN LIQUOR CONTROL COMMISSION

Held: Wednesday, December 18, 2019
Lansing District Office
525 W Allegan
Lansing MI 48933

Present: Pat Gagliardi, Chairman
Dennis Olshove, Commissioner
Geraldyn Lasher, Commissioner

Absent: None

Staff: Kerry Krone, Business Manager
Pam Hamilton, Director of Finance Division
Julie Wendt, Director of Executive Services
Donald McGehee, Chief of Alcohol and Gambling
Enforcement Division
Jeannie Vogel, Public Information Officer
Terri Chase, Commission Aide

The meeting was called to order by Chairman Gagliardi at 10:38 a.m., noting a quorum was present.

- I. Chairman Gagliardi advised we have requested a fourth update regarding the delivery issues with our ADA 321, RNDC/NWS (RNDC). He asked Ms. Hamilton to give us a brief overview of where we stand.

Ms. Hamilton advised we are still receiving complaints through the MLCC website, but they are down more than half since the last meeting. She stated we are still receiving complaints via the phone line and they are remaining steady since the Semi-Annual Public Hearing held on December 4th. Ms. Hamilton advised the complaints remain the same issues regarding delivery issues and products out of stock. She advised the customer service is still an ongoing problem with delivery issues and no return calls from RNDC. She stated the State inventory is approximately \$40.8 million more than it should be, so this means the State has lost approximately \$75,000,000 in gross sales which includes the lost liquor tax revenue.

Mr. Joe Gigliotti, Region President for Control State for RNDC stated that the last week of deliveries have all been made and have moved some routes back to the Livonia warehouse. He advised they have gotten decent feedback from retail trade

that the deliveries are getting better. Mr. Gigliotti stated they still have product out of stock issues, but they are getting better each day.

Mr. Gigliotti spoke on the accounting and reconciliation of the invoices. He stated for the most part they are caught up through the end of the year, except for Grand Rapids which is still slightly behind. Ms. Hamilton advised the Commission has always had a problem with RNDC and the reconciliation of invoices, but nothing this massive. Mr. Gigliotti advised this is the first he has heard of the ongoing issues with RNDC and is not fully prepared to discuss it. Chairman Gagliardi stated this issue was a part of the plan that RNDC presented to the Commission.

Mike Mitchell, Midwest Independent Retailer's Association and a Vice President of Marcum Enterprises, spoke on the delivery issues and stated they have seen an improvement with better on time deliveries. He advised that RNDC was being more communicative and wanted to thank everybody for their time and allowing him to speak.

Mr. Auday Arabo, Midwest Independent Retailer's Association, advised Michigan has a strong system and their retailers believe in that system. He advised that RNDC, Joe's leadership, Steve's leadership and Brian's leadership is going to come out of this much stronger, but sometimes you have to take two steps back than take more steps forward. Mr. Arabo stated the deliveries are better, but still having problems with out of stocks. He wanted to thank everyone for stepping up.

Commissioner Lasher had questions for Mr. Gigliotti regarding the out of stocks and that it may look to the general public like the State of Michigan does not have a specific product in inventory.

Mr. Gigliotti responded that if RNDC thought they were going to sell 500 cases of Captain Morgan, but sold 1,000, then that creates an emergency. He stated there is no liquor shortage in Michigan, the spirits are in our warehouses, we just have to move them around. Mr. Gigliotti advised it is our responsibility and we own that, and we understand it will take time to earn everybody's trust back and we are up to the task.

Chairman Gagliardi asked when the Grand Rapids and Brownstown warehouses would be consolidated to the Livonia location. Mr. Gigliotti advised they have an internal meeting on January 9th to discuss this issued along with some other subjects.

Chairman Gagliardi had more questions regarding the out of stock issue and that the Commission had received complaints that the big box stores seem to be able to have Crown Royal, but the small retailer couldn't get this same product in their stores.

Mr. Steve Rochow, EVP of RNDC in Michigan, explained about that the bigger stores buy in pallets and are probably buying a couple of pallets for replenishment. He advised the system doesn't know if a big box store is ordering or a smaller retailer, it just goes by the customer number.

A discussion was held on this issue and Chairman Gagliardi advised we must have a fair and balanced system so all our licensees can have access to the same products.

Chairman Gagliardi stated RNDC needs to submit a written plan regarding the resolution of the out of stock issue and an update on the inventory reconciliation. He advised the next meeting would be held on Friday, January 10, 2020 at 10:30 am in the Lansing office.

Commissioner Lasher asked for an update on the software issues that RNDC experienced at the Livonia warehouse.

Mr. Gigliotti advised that there are not as many detrimental software issues and they are not happening very often. He advised he would not go to the mat saying that nothing is going to break down until he sees the system performing to their expectations for a longer period of time.

- II. Moved by Commissioner Olshove, supported by Commissioner Lasher that the minutes of the Commission meeting of December 10, 2019, be approved as written and presented, motion carried by unanimous vote.**

With no further business, moved by Commissioner Olshove, supported by Commissioner Lasher, that the business meeting be adjourned at 11:42 a.m., motion carried by unanimous vote.

Pat Gagliardi
Chairman