1	
2	
3	STATE OF MICHIGAN
4	LIQUOR CONTROL COMMISSION
5	SEMI-ANNUAL PUBLIC HEARING
6	
7	
8	
9	* * *
10	
11	Proceedings had in the above-entitled
12	case before Chair Pat Gagliardi,
13	Commissioner Dennis Olshove,
14	Commissioner Geralyn A. Lasher,
15	Commissioner Edward Toma, Commissioner
16	Lee Gonzales, held via Zoom Platform, on
17	Wednesday, March 17, 2021.
18	
19	* * *
20	
21	
22	
23	
24	
25	
	1

1	<u>CONTENTS</u>	
2	SPEAKERS:	<u>PAGE</u>
3	Kerry Krone, MLCC Business Manager	20
4	Najid Shemami, Retailer Andrea Ryan, Social Worker	24 26
7	Mike Mitchell	27
5	John Lauve	31
6	Roger Isaac, Attorney Melea Belton, Prev. Specialist Coord./Ingham	36
	Substance Awareness & Prevention Coalition	42
7	Michael Kordecki	44
8	Mike Tobias, MI Coalition to Reduce Underage Drinking	49
ŭ	Darlene Klien	53
9	Bill Amundsen, MI Council on Alcohol Problems	58
	Lisa Peeples-Hurst, Berrien Cty. Health Dept.	59
10	Helene Fertal, Retailer	61
11		
12	STAFF IN ATTENDANCE:	
13	Terri Chase, Executive Services Division	
14	Barb Subastian, Enforcement Division Mary Ann Donley, Enforcement Division	
	Kerry Krone, MLCC Business Manager	
15	Donald McGehee, Attorney General's Office	
16	Anita Fawcett, Executive Services Division Kelly Hunt, Licensing Division	
10	Megan Minnick, Licensing Division	
17	Jeannie Vogel, Executive Services Division	
	Tom Hagan, Enforcement Division	
18	April Laverty, Executive Services Division	
19	Jill Odell, Licensing Division David Marvin, Executive Services Division	
1)	Lee Kane, Licensing Division	
20	Patty Curns, Licensing Division	
	Erin Johnson, Licensing Division	
21	Sara Weber, Licensing Division	
22		
23		
24		
25		
	2	

Southfield, Michigan - Via Zoom Platform Wednesday, March 17, 2021 - 1:02 p.m.

CHAIR GAGLIARDI: We'll call this meeting to order and let our guests and staff know this is our semi-annual get together set up by statute, going back a long way. We get together twice a year with the general public. Before I get started here, my name is Pat Gagliardi, Chairing the Commission.

1.3

2.4

Before I introduce my fellow Commissioners, I want to take this time to thank Renette Gibson for recording, court reporting our meeting today. I want to thank David Marvin for setting up the Zoom and getting us all together at this point in time. Also a big thank you to all the staff from the MLCC that has joined us, along with some of our assistant attorney generals represented by Don McGehee that are joining us today; we really appreciate all you do for the Commission.

With that, we wish everybody a happy St.

Patrick's Day. You know it's always nice to have an international holiday named after yourself, so I appreciate that.

I serve with some great people on the Commission; Commissioner Dennis Olshove, who is the longest serving, continuously serving Commissioner, and

it's good to be on board with him. Commissioner

Geralyn Lasher who joined the Commission with me a year

and-a-half ago, and then two of the new kids on the

block, Hearings Commissioners just appointed last fall

by the governor, Commissioner Lee Gonzales and

Commissioner Edward Toma. A great group I serve with.

1.3

2.4

Just before we get started, if you don't mind, audience and staff, I'd like to run down with the Commissioners and have them say a few words. I've got such respect for all four of them; they do a great job for all of us.

So Commissioner Olshove, why don't you leadoff with some opening comments if you will, please.

COMMISSIONER OLSHOVE: I'm just happy to be here today to join you all. I've worked with Commissioner Gagliardi in the past and Commissioner Gonzales and Commissioner Toma joined us recently, so I'm looking forward to working with them more and more. This public semi-annual meeting has changed a lot with the new crises we've had and the way we do things online. So I guess more thank anything, I would like to welcome the additional, I think we have something like 80 people on this video. I can tell you in the past as we've had these meetings, we've had as few as 8 people in the room. So this new technology is kind of

giving us an advantage to hear more from you and you can hear from us, you can see us, eliminating the drive to Lansing to go to these mysterious meetings. So I'm really happy of the fact we're out here publicly, we can see you, you can see us, we have time to ask questions and it's a whole lot more people involved. So I think that's really been the big change through the Covid crisis.

1.3

2.4

CHAIR GAGLIARDI: Thank you Commissioner. As everybody knows, Commissioner Olshove and myself and Commissioner Lasher serve as Administrative Commissioners.

So why don't we go to Commissioner Geralyn Lasher for a few remarks before we get started.

commissioner Olshove mentioned. I wanted to take a moment, too, you'll hear more about it as we go through some details, but just want to thank the staff of the Michigan Liquor Control Commission for the amazing work that they've done in very challenging and extreme circumstances this past year; that they've been able to really mobilize and do all of the work of the Commission and be able to do that remotely and do that safely to keep themselves and their family safe as we've gone through this pandemic, I think, is a true

testament to their work ethic and their ability to do everything that we've been able to do this past year to keep the business of the Commission moving forward. So I just wanted to take that moment to really express my appreciation for everything that they do.

1.3

2.4

CHAIR GAGLIARDI: Thank you Commissioner.

We'll go and start with a couple of our Hearings Commissioners here, two of them are with us today, great people, and the governor should be very proud of the work they've done since they've been appointed. Why don't we start out with Commissioner Edward Toma.

Gagliardi. I would also like to echo what the other
Commissioner said, thanking the entire Liquor Control
staff; everyone's been amazing. Commissioner Gonzales
and I entered in the middle of a pandemic, and we faced
challenges that no other Hearing Commissioners or
Administrative Commissioners have faced. We're doing
the best we can. We're ready, willing and able to step
up, and over the six months we've absorbed a tremendous
amount of information and knowledge from everyone, and
everyone's been fantastic in helping us to feel welcome
and at home, and look forward to continuing our roles
and keeping everybody safe.

CHAIR GAGLIARDI: Thank you Commissioner.

Commissioner Lee Gonzales.

COMMISSIONER GONZALES: Thank you Chair Gagliardi. My parents taught me the importance of the philosophy that blessed are those who are brief or they won't be invited again.

1.3

2.4

Every since we started, as Commissioner Toma indicated, we hit the ground running October 5th of last year, and what we learned, and he already knew it because he was in the enforcement unit previously, but the talent and the creativity of the staff is infectious. It made me and still makes me today, work as hard as I can to do my fair share of the load. In essence, I look at the Commission and how we work with licensees and others in the system, it's a public private partnership and it's important. I know that we'll be going over some of the revenue side and its distribution, but I'm just so pleased to be a part of this. I really enjoy this position and want to do all I can; and that's about it for me.

CHAIR GAGLIARDI: Thank you Commissioner.

As everyone can see, I am very, very proud to serve with these four Commissioners and trying to do business with the people.

I think we're going to start off the meeting

just a little different than some of the past ones. We're going to do a little power point, it says slides, to try and run through just a little bit to remind people about what all the Commission does.

1.3

2.4

I thank you David Marvin for putting that up. You can go to the next slide when you're ready.

The Liquor Control Commission of Michigan actually runs the business for the State of Michigan. We are the wholesalers of distilled spirits, and we raise our revenue in the way of taxes instead of profit per business taxes for the State of Michigan and local units of government to spend. So here are the two primary sources of our income that we make from taxes; the first one is the Liquor Purchase Revolving Fund, which gives us all the taxes off a bottle of distilled spirits. Secondly, we make a good chunk of money off Liquor Licensing Fees. There are some smaller ones that you can see below that. Next slide.

We wanted to show the number of employees that MLCC's had over the last decade, and as you can see going back to 2011 to 2021, the maximum number of employees has changed by a point half a percent. When you take a look at what the Commission made, what the Commission sold in gross sales in 2011 it was 975 million dollars. If you take a look at what the

Commission sold in gross sales of distilled spirits last year, it was almost 1.8 billion dollars. So we've almost doubled the amount on our business side of product that we sale, and we've done that with basically the same amount of people working on your behalf or on behalf of the people of the State of Michigan. Next slide.

1

2

3

4

5

6

7

8

9

10

11

12

1.3

14

15

16

17

18

19

20

21

22

23

2.4

25

This is the break down of where the money Last year we raised \$567,000,000 for the people of the State of Michigan; \$407,000,000 of that went to the General Fund. With this Convention and Facility Development Fund, that goes back to each county; it's the old Cobo Hall Fund, and it's four percent of our tax on a bottle of alcohol, and that \$71,000,000 right there goes to all 83 counties and is divided by each county into its jurisdiction; so that's quite a revenue sharing plan. Next to that is the School Aid Fund. Just about \$71,000,000 went directly into the School Aid Fund. So as you can see, we've got quite a revenue sharing program going here. Then next to that is Local Units of Government. That 7.3 million is the Local Units of Government's cut on our licensing fee, they get 55 percent of each license in their community. So if you take a look at those three areas right there, almost \$145,000,000 -- no, \$150,000,000 in revenue

sharing by the State or Michigan with the School Aid
Fund, counties, cities, villages and townships. It's a
very to nice and unknown revenue sharing fund. Then
you can see there's a couple smaller areas where we
finance licensing and enforcement money to the
Department of Public Health and to Department of Ag.
Next slide, please.

1.3

2.4

We thought we'd run down through what the taxes are on a bottle of alcohol. We used this plain brown bottle minimum selling price of \$10.00. As you see the way the taxes are spread out that we raise a ton of taxes with the state, the local government, as we just talked about, and we also raise taxes for the federal government. Then that last category talks about what the distiller or the importer or the manufacturer makes. We do not tell any product, any supplier who wants to bring product into the State of Michigan what to charge, but they all know this is the breakdown that's going to happen percentage wise as they price their bottles. Next slide, please.

This is just a slide that shows that \$279,000,000 was put into the General Fund for general purposes, of the 409 which leaves a little over \$200,000,000 that goes for services within state government that have already been boiler plated for

where they go. So a little over 400,000,000 to the state, 279 to the General Fund, which allows the governor and state legislature a lot of flexibility on where they want to spend that bunch of money, which is quite a bit of money. Next slide.

I think we'll turn this over now to Commissioner Lasher.

1

2

3

4

5

6

7

8

9

10

11

12

1.3

14

15

16

17

18

19

20

21

22

23

2.4

25

COMMISSIONER LASHER: Thank you Mr. Chair. Just following up on that, but what we're talking about here is really found directly from the Michigan Compiled Laws. Really the purpose and the function of the Michigan Liquor Control Commission is really to have as a priority, that this act shall be construed to effect the intent and purposes set forth in this act, and to protect the public health, safety and welfare of the citizens of this state. I think that has been certainly a key priority of the Chair as we've been moving forward and working through really looking at every application, every component that we have been doing to really make sure that we are keeping those priorities, and making sure that we are really addressing this as far as the public health, safety and welfare of the citizens of this state.

So we've been pleased to partner with many public health groups. We've partnered with the

Department of Health and Human Services, as the Chair mentioned, and also nonprofit groups to make sure that we are doing everything that we can to protect the health, safety and welfare of the citizens of the State of Michigan. It's absolutely been a priority, it will continue to be a priority, and we're really pleased to play that role.

1.3

2.4

CHAIR GAGLIARDI: Thank you Commissioner.

Next slide.

I think we'll take this to Commissioner Toma.

COMMISSIONER TOMA: Thank you Chairman.

In a perfect world licensees would be in compliance and there would be no need for violations; unfortunately we don't live in a perfect world and violations do happen, therefore it's necessary to enforce the Liquor Control Commission rules. There's no doubt that this has been a challenging year for many licensees and those challenges due to the Covid-19 pandemic has created further violations, and those violations need to be addressed. As part of the hearing process, our duties include reviewing evidence, hearing testimony from the licensees, law enforcement officers, MLCC investigators and witnesses. We would also review the licensee's previous violation history before rendering a decision. As I stated before, the

Covid-19 pandemic has drastically impacted the licensee's ability to operate their business prepandemic. I urge all licensees to research what is allowed and what is a violation to these unnecessary violations. Mistakes happen, but rest assured that Commissioner Gonzales and I will be fair to all licensees while enforcing the law, and fairness is a crucial part of the enforcement process.

1.3

2.4

CHAIR GAGLIARDI: Thank you Commissioner Toma. Let's go to the next one.

Commissioner Gonzales, you want to speak to us?

COMMISSIONER GONZALES: Thank you Mr. Chair.

As Commissioner Toma pointed out, our aim is to be fair and impartial in all hearings that we conduct with the support of our Commission colleagues. Slide 9 is a snapshot of remote hearings that started in June 2020. The Commission responded to the Covid-19 pandemic with creativity and innovation via the Zoom collaboration platform. We knew we had to get back to full capacity with our hearings while continuing to mitigate risks to protect the public and staff. Before Covid-19, BC, hearing Commissioners would hold weekly hearings at different locations across the state.

Recent Zoom hearings were conducted for licensees from

Lansing, Macomb, Detroit, Grand Rapids, Midland and Mackinaw City, to mention a few. On Monday, one was held for a licensee from Iron River in the Upper Peninsula, so far west it's in the Central Time Zone. Had it been done BC, before Covid, that case would have waited until a hearing could be scheduled in Escanaba. All things considered, the digital transformation has allowed hearings to occur safely while providing licensees the opportunity for a hearing that does not require travel, especially during inclement weather. Lastly, some court and administrative law observers have said that after Covid-19, remote appearances will continue to be utilized for months and years to come.

1.3

2.4

CHAIR GAGLIARDI: Thank you Commissioner, I appreciate it. Next slide, please.

This is a slide I had put in there just to remind all of us of what we have going in Michigan.

These are two pictures taken by our good friend, David Marvin, at a local Kroger store; the left side is the wine aisle, the right side is the distilled spirits aisle. In one of the most heavily regulated industries in the world, look at all that we are able to offer.

We have the customers or the Kroger's, Meijer's, Costco's and all the Spartan Stores in the world wouldn't be offering this kind of shelf space. We have

25

the choice. We have, just in distilled spirits alone, over 420 suppliers by Michigan. We have the competition, simply look at those shelves. If you look at the left side, the wine shelf, you see Michigan products. You see Leelanau Cellars is there with some of the big players and nationally and internationally. So we have the three C's of business, but we also have the fourth C in that we license this, we keep control of this, we offer a level playing field to all businesses, and you go to any other part of this Kroger store or any of the other stores that you might shop at, and any shelf you might see one, two very oddly, but maybe even three suppliers. When you come to our shelves, beer, wine and distilled spirits, you're going to find so many products it makes your head swim. As you can see by the amount of shelf space given to it by our stores, it's been very profitable for them, it's been good for us in raising tax dollars, and hopefully that C of control has been in there that we're only licensing people who do it the right way, the safe way. So I just wanted to throw that picture in. Some people think regulation is a bad thing. Regulation is often in this industry, a multi-billion dollar industry in this state, with lots and lots of room to grow, and you can see how it's grown. Next slide.

Commissioner Olshove, will you finish us up here?

1

2

3

4

5

6

7

8

9

10

11

12

1.3

14

15

16

17

18

19

20

21

22

23

2.4

25

COMMISSIONER OLSHOVE: Yes. It's about a year ago that Covid hit and basically changed, obviously, the world we live in. For individual licensees it's been a miserable year, it's been awful. We're coming out of that a bit. I would like to highlight some of the changes we made or tried to accommodate the licensees burden, if you want to call it that. We tried to streamline -- first of all we did a Buy-Back Program to try and get more money into our licensees hands; we knew they were under pressure with their employees, we tried our best and were accommodating as best we could. We extended when we could and we did a licensing deadline fees, whatever we could do to push the date back to try and get us through this pandemic. We implemented a new online ordering system which maybe can move things up a bit. We have a toll free -- very important, as we go through this process there is confusion, undoubtedly there's going to be confusion, though we do have a toll-free hotline to work with our staff. Individuals can call us and you can talk to a person and go through your particular problem and we can try to get it resolved.

A little example, restaurants trying to

reopen with a given occupancy, first it was 25 percent, 50 percent but an instance of where the Commission has tried to do outdoor service areas. The Commission has spent a lot of time with or licensees trying to do the best we can to give them a little bit more room to operate on, and all within the timeframe here trying to keep in mind, always, our main objective here is to promote public safety and welfare. We have a controlled substance that we're using here and we want to make sure the public is foremost in our minds.

1

2

3

4

5

6

7

8

9

10

11

12

1.3

14

15

16

17

18

19

20

21

22

23

2.4

25

I'd like to shout out to staff. Again, we mentioned that before. We have 144 approximate employees and all of a sudden the buildings shut down and everybody's working from home. I envisioned chaos. Commissioners, the Chairman and I have learned how to Zoom, which we never anticipated we could do this, but I have to thank our staff to no end that the licensing process has not slowed down. You have to know that we license thousands of establishments, all sorts of licenses, even your little church picnics we license. So with that said, I would like to just make sure that you know there's a call line where you can call and give us suggestions; we've taken several of those into consideration. You're out on the streets. We don't know everything here, the Commission's not the end

result. We can improve processes, and we can help get through this.

1.3

2.4

Oh, back to the issue of public participation. Commissioner Toma mentioned the online hearings that he has. We have weekly meetings Tuesdays and Thursdays that the public can listen in on everything that we do on our docket, how we discuss things, the way we take things into consideration, all the issues the Commission might have to take under consideration, but you can listen to that. You can listen to what we're talking about, how we're talking about it, why we're talking about it, and at the end of our meeting toward the end, you have the ability to participate; you can criticize us, we'll take it, we may be doing something wrong, quite frankly, and I encourage you all to listen.

Like I said earlier with this semi-annual meeting, very little participation in the past, 10 people, 20, 15 people. Now one of our average meetings we're getting up to 50, 60 people. I think a couple meetings we had special issues, we had up to 200 or 300 people listening to us. So I would only encourage you this is an open process. We're happy to hear your comments, please participate with us and hopefully as we gradually reopen here, we'll still go through some

problems. What I don't want to see and I don't think any of the Commission wants to see or anybody in the state wants to see is going backwards. I think it's going to require a little more patience. We can get through this. California has had terrible problems going back and forth between opening, closing, reopening, closing. I think we're on a steady path here, and I don't want to go to the Europe model where we're completely shut down again. So work with us, we'll work with you and we'll get through these tough times.

1.3

2.4

CHAIR GAGLIARDI: Thank you Commissioner Olshove.

I think that's the last of our slides, David.

And thank David Marvin for doing that for us. As you can see we've got high quality people working with the Commission. I want to thank all of you for participating in this. We wanted to just do a broad look at what the Commission does both on its business side and its regulatory side.

I'd like to take just a point, a personal privilege here to echo what Commissioner Gonzales and Commissioner Olshove talked about. This ability to have Zoom like we're on right now with all of you, for our hearings, has been tremendous. You can think of a

20

21

22

23

24

25

Michigan winter, let alone how big Michigan is. fact that people don't have to travel to certain parts of the state, whether they be our licensees, their attorneys, their family, our employees, has been great, and we've been able to do these hearings with ease for everybody. I mean we're all not travelling to do it and I think we're giving quality, as you can see by these Zoom hearings, quality hearings. Just mentioning that because I think that our ability to do this comes up with the legislature at the end of March, and we're hoping they will extend our ability to do it. I think it's good for everybody, and there is a public record that's kept of all hearings. As Renette can tell you, she and Lori and our other staff people are at all these hearings and recording everything. So thank you for all you do Commissioners, I really appreciate it.

Next I think what we'll do is we'll get some update announcements from our Business Manager Kerry Krone, who's wearing her Shamrocks in honor of the international holiday, too, we're having today.

Miss Krone.

MS. KRONE: Thank you very much and good afternoon everyone. Thank you for joining us today, we really appreciate the participation. I just wanted to provide a couple updates or really reminders to

25

everyone. As the Commissioners have indicated, our staff has been working remote, we continue to work remote at least right now up until May 1st. We don't know if that will go beyond that at this point in time or not, but with that I really want to encourage everyone to look at our website often and frequently. We try to keep that updated with any new information, any changes, any changes regarding any of the information from DHHS. Anything the Commission is doing or making updates and changes to is posted. our website is www.michigan, all spelled out, gov backslash LCC again www.michigan.gov backslash LCC. Actually right now if you look at that you'll see one of the very front and center items listed is a button that is indicating the Commission has extended the renewal this year, they also extended renewal last year as well during the pandemic situation, and it's been extended already this year until July 30th, so everyone needs to be renewed by that point in time. invoices for renewal, for those of you that are wondering when those will come out, once the invoices are mailed roughly around the end of this month late March, then our online portal will go live and open up so that when you receive those invoices if you want to renew prior to that July timeframe you can do that via

the online portal. Like I say, that gets opened up once those invoices get sent out, and until you actually receive the invoice, the licensee doesn't really have the information and ability to renewal quite yet. So that will be coming out here shortly over the next several weeks, the end of March maybe early April.

1.3

2.4

That's really the only updates and reminders that I had. Again it's just to remind everyone to check our website very often for updates and new information. All of our information on our meetings that some of the Commissioners talked about is on our website as well. So you see the dates, you can see the links for any of the Zoom information or if it's a call-in, the phone number is listed there as well. Thank you very much.

CHAIR GAGLIARDI: Thank you Kerry, and thank you for the job you and the rest of our management team does. As business manager, on behalf of all five of us, you can pass along to our management team how much we appreciate not only you, but all the work they do too. We've got a Licensing Division and an Enforcement Division, an Executive Service Division and a Finance Division, all very important to make sure, Kerry, that they know that the five of us are really excited about

the job they do.

1

2

3

4

5

6

7

8

9

10

11

12

1.3

14

15

16

17

18

19

20

21

22

23

2.4

25

I think we're at the point now where we're in the public comments, but if I could just make a comment on what Kerry just talked about our website. Marvin and our crew have been working hard to keep continuing to upgrade that. We're hoping to get it to the point where we can actually put more narratives on there of people who are in the business, whether they be suppliers, whether they be distributors, whether they be brokers, whether they be retailers, whether they be some of our staff that are enforcing the regulatory law. We think that more and more people are coming to our site, they're fascinated with the alcohol business and how it works, and I'd like to get more narratives on there about how and why people got into this business and how they feel about it. So continue to watch our site. Jeannie Vogel and David Marvin are going to work to put some narratives on there we hope soon. We just think there's a lot to celebrate about this business even though not everything's peaches and cream, we always have problems. As Commissioner Toma said, we're going to have to deal with violations.

With that, let's go to public comments now,
David. Let me say on behalf of Renette, that if
everybody who wishes to speak could please spell their

1 name just so make sure we've got you in our transcript 2 properly. 3 David, why don't you open it up and let's get our first public comment. 4 MR. MARVIN: If you're interested in doing a 5 public comment, make sure you're unmuted. Last time we 6 7 did this people just spoke up and people were pretty 8 good at sorting it out. If you're calling in via 9 phone, you need to press star 6, and please note that 10 if you have a phone and you're watching this via your 11 computer, you have both speakers on, it will cause some 12 feedback and I'll have to mute you again. Just make 1.3 sure you're not listening via phone and via computer at 14 the same time, it will cause a problem. So with that 15 you can -- folks that want to jump in, can jump in. 16 SPEAKER: Hello? 17 CHAIR GAGLIARDI: Good afternoon. 18 SPEAKER: Good afternoon. I've been 19 listening and I'm inspired by everything you guys are 20 saying. 21 CHAIR GAGLIARDI: Would you mind putting your 22 name on the record please? 23 MR. SHEMAMI: My name Najib Shemami, 2.4 N-a-j-i-b, last name S-h-e-m-a-m-i. 25 CHAIR GAGLIARDI: Mr. Shemami, what do you

24

have to share with us?

1.3

2.4

MR. SHEMAMI: Well to be honest with you, I been listening to everything and I've been a retailer for the last 15 years. I think I joined the wrong Zoom because I had a violation and I was trying to get this situated, so I listened to everything and kind of wait my turn, so I'm kind of lost in what I'm suppose to be doing. All the information and everything you and your staff have been talking about has been really inspiring, and I appreciate everything, but I just don't know, and I know it's not about what you guys are talking about, but I'm trying to take care of what I have to take care of.

CHAIR GAGLIARDI: David.

MR. MARVIN: Sir, are you on a phone?

MR. SHEMAMI: Yes sir.

MR. MARVIN: I'm going to send you a private chat message. If you can give me, only I can see, I don't want your phone number out there; if you can respond to that with your phone number and I will call you. There weren't any violation hearings scheduled for this afternoon so there must be some confusion there. We'll get it sorted out. I'll send you a quick message on that and just respond to that. It will pop up on your screen asking you to respond.

1 MR. SHEMAMI: Okay, I appreciate it. 2 you. 3 CHAIR GAGLIARDI: Thank you Mr. Shemami. Anybody else wish to share anything with us? 4 MS. RYAN: Hello. I'll share --5 6 CHAIR GAGLIARDI: Can you put your name on 7 the record please? 8 MS. RYAN: Yes sir. My name is Andrea Ryan, I'm a Social Worker, a Prevention Specialist, a Mental 9 10 Health Therapist, got lots going on. I wanted to say 11 thank you for allowing me to be here. I just wanted to 12 reiterate the importance of regulation of alcohol and the obvious public health effect that it does have on 1.3 14 our community. So I just wanted to thank you for 15 regulating that, it is much needed. Thank you. 16 CHAIR GAGLIARDI: Thank you Ms. Ryan. 17 Commissioner Lasher do you want to kind of 18 speak a little bit since you've been our point person 19 on public health, to the work that's being done between 20 the Commission and the prevention networks, MCRUDs of 21 the world? 22 COMMISSIONER LASHER: Certainly. I've been very pleased to serve as the liaison with the Michigan 23 Coalition To Reduce Underage Drinking, and the work 2.4 25 that they've done it represents all of the 83 counties

1 across the state, and it's really been an important way 2 again for that participation to make sure that people 3 understand the priority and the role that's being 4 played as far as the Commission are looking at health safety and welfare. There's so many obviously issues 5 6 going on in the legislature, they're very active in 7 that as well as looking at some of the potential bills 8 that are moving its way through the legislature; so that's an important part for their citizenry to be a 9 10 part of that. We obviously don't enact the laws of the 11 Commission, we enforce the laws that are on the books, 12 and so it's an important way to partner and really get 1.3 more people involved in that process. 14

15

16

17

18

19

20

21

22

23

2.4

25

CHAIR GAGLIARDI: Thank you. We appreciate the work you do.

Anyone wish to speak? We have an open line here.

MR. MITCHELL: Hi, this is Mike Mitchell.

CHAIR GAGLIARDI: Hi Mr. Mitchell.

MR. MITHCELL: I'd like to take a moment too,

I thank -- I've had an opportunity to share the work

with many people and the staff in many different

matters, and I got to tell you that, by and large, I

feel like you are the most approachable group in the

government that we have, and I'd like to take a minute

to thank every one of you that answers the phone, that calls back timely, and takes an interest in what we do, thank you very much. The recent addition of the new ordering system, there was a lot of input and I know that we had a lot of chance to talk back and forth and I feel that during the pandemic, that was a formidable task and I think that everybody in the staff handled it well.

1

2

3

4

5

6

7

8

9

10

11

12

1.3

14

15

16

17

18

19

20

21

22

23

2.4

25

I recently sent some pictures to you folks on a certain product that I have a little bit of problem with, it seems deceptive to me on a spirit versus malt beverage. I'm not sure if anything can be done with that or anything should be done with that. I think on the marketing side it was probably a brilliant move, but I do think that it's a little deceptive to the consumer and it's causing a little bit of issue in our stores. I know that it was coming up that they were going to change some of the pre-made cocktails, and I would be a liar if I said that I understand that completely, but I do not believe that there's a shortage of places to buy those particular items. We're blurring the line between a spirit and a malt beverage and it's, in their own words, they're trying to make that a revenue neutral project, and I'm not sure how that happens with what the state takes right

off the back.

1

2

3

4

5

6

7

8

9

10

11

12

1.3

14

15

16

17

18

19

20

21

22

23

2.4

25

Anyway, I just wanted to tell you again how much I appreciate the fact that across the board no matter what we're talking about I find that everybody there is receptive and willing to help. Thank you very much. I hope the next year is better for all of us. I didn't say the product; I didn't know if it were proper for me to do.

CHAIR GAGLIARDI: It's fine for you to talk about the name of the product.

MR. MITCHELL: Okay. It's Fireball Cinnamon Whisky. So basically, and I sent you guys some pictures of it, the basic premise is the bottles look the same, the print looks the same. On one label they left the word whisky on, on the malt beverage, but it doesn't say in the very big letters it's a malt beverage at all. In my age with by bifocals, I had to take a picture and zoom it to see what it is. It does say on the back it taste like whiskey. Again from a marketing standpoint I guess I get it, but I do think it's deceptive and it misleads people. It caused me quite a shock when I walked into one our station's that has just an SDM, and saw Shots of Fireball on the counter with all the rest of our stores, our SDDs and SDM's. It's confused some of or customers as well, and we've had some discussions there, but I do think it's deceiving.

1.3

2.4

CHAIR GAGLIARDI: Any Commissioners have any questions to that? It's an interesting concept, and I'd like to have a discussion amongst the Commissioners and staff on it. If you saw the pictures that were e-mailed to us, it is -- looks like the very same product without the word whiskey on it.

COMMISSIONER LASHER: I just want to say
Mike, I appreciate you sending that to us. I have
forwarded it to our Finance Director because I think
she would probably have an interest in looking at that
as well. So I appreciate you sending that along.

MR. MITCHELL: Thank you.

CHAIR GAGLIARDI: Mr. Mitchell, if I could to your point about the online ordering system which brings our ordering system for our retailers into the 21 century. I'd like to thank our finance staff and a couple people out of our licensing staff, Kelly Hunt and Sam and Eric and the finance staff. When we put that system online February 2nd, in the first 20 work days we signed up and helped people get online; you had to set up e-mails for people who didn't have e-mails in this day and age. We helped 11,300 of our licensees get on the online ordering system in the first 20 work

1 days, which means our finance staff, hefty staff of 15 2 and the other three people that helped, about 18 people 3 on and off during that 20 days, put on an average of 565 people, not people, licenses a day. I just want to 4 5 say to all those folks that worked on that, way to go. I mean, you had your own job to do and you still took 6 7 time out of your day and night to help these people get 8 on our system. I also want to thank the Department of 9 Licensing and Regulations, Orlene Hawks, Director, for 10 giving us in these tough times some overtime money to 11 help staff answer questions from our licensees 24/7. 12 So it's a real big shout out to everybody. Mike, I'm 1.3 glad you brought it up. I'm sure Dennis and Geralyn 14 and Ed and Lee all send their congratulations to our 15 staff too. 16 Who do we have next that would like to speak? 17 MR. LAUVE: John Lauve. 18 CHAIR GAGLIARDI: Hi Mr. Lauve. Can you 19 spell your last name? 20 MR. LAUVE: Yes, L-a-u-v-e.

CHAIR GAGLIARDI: Go ahead Mr. Lauve.

21

22

23

2.4

25

MR. LAUVE: I was really outraged at this latest deal where they want to have booze being sold at 4:00 a.m. They tried this in the past and this is off the chart, but this is the first issue in front of the

legislature, it's urgent, and I just wonder what your position is on this thing because it's inappropriate to be doing this particularly at this time. I have one other question too.

1.3

2.4

CHAIR GAGLIARDI: Yes, we can answer that question.

Kerry, we put in a card on that didn't we, to the legislative committees?

MS. KRONE: Yes we did. I'm actually going to confirm with David if we put in this year, we did last year and I believe we put in opposition for the bill.

CHAIR GAGLIARDI: Yes.

MR. LAUVE: Well thank you. I was at the hearing that was just held this year on the reintroduction, and there was no reading of anything to the committee on reform about this from anybody. I was the only one there that was talking in person about this, and the vote on this thing has been bipartisan, they're lining up, they can't get at it fast enough, it's disgraceful. So I appreciate you at least having some record and at least turning it in.

Moving on, your intent is to protect the public. When you talk about the great volume of sales that we're generating, Michigan is the only state east

25

of the Mississippi that allow gas stations to sale liquor; that's where we're at the forefront. We're building some big industry and it has an adverse affect because the more availability it is, the more we accept it as, well, it's okay to go out and get smashed anytime you want, and the volume is -- there's nothing about how a pregnancy, how it affects the kids, the availability. I was at the meeting a year ago in December, and majority of the people there were talking about the density problem and it's been created, I realize you haven't done it, but you're facilitating this. The intent is not to have this as a great growth industry. The record is terrible on this thing. For example, the beer tax is 1.9 cents a bottle. It's been frozen in a fixed amount for 50 years. So they get excluded from the tax system, and by it being a fixed amount, it actually is cutting their rate every year. I talked to my lawmaker about it and he says I'm not touching that, it's not going anywhere, it's a dead issue, they've taken care of business. What has happened to the federal tax, they cut the liquor tax in half permanently at a loss of 4 billion dollars a year; that's not chump change, but this is what's going on and the effect these people have on this thing. Those are just some examples, but it's out of control and

there's nothing being done to stop this growth industry. So you go to the grocery stores now, it used to be party stores that sold, now it's grocery stores, you go in there, it's a whole aisle of this stuff.

1

2

3

4

5

6

7

8

9

10

11

12

1.3

14

15

16

17

18

19

20

21

22

23

2.4

25

CHAIR GAGLIARDI: When I was a kid growing up, Mr. Lauve, stores we used to call them 5 and Dime stores, they're now called dollar stores, they have them too. The legislature has opened up more businesses to have licenses, and more licenses to be given out. I think the uniqueness of Michigan plays a small part in it. I think you know that we have a great concern, as Commissioner Lasher talked about, in public health and safety. We think this is a great industry and it can grow as an aminity to our tourism, hospitality, entertainment industry, but it only grows if we do it the right way to keep people safe. As an aminity, as something where if you want to order some wine with your dinner, if you want to have a drink on the golf course or whatever it is, that we can provide it and do it in a safe way. But Michigan, don't forget, Mr. Lauve, we get all these people from the upper Midwest because we are the fourth coast of the United States; we have the east coast, the west coast, the gulf coast, we have the Great Lakes, and so many people come here. I'll give you an example of my home

18

19

20

21

22

23

2.4

25

turf, when I was younger in the legislature, Mackinaw City was a village of 600 people, and on a given summer weekend they'd have 60,000 people to take care of and they had to have food and drink, they had to have water and sewer, they had to have health care and police for a town of 60,000 when they were a little village of 600 to 800 people. So Michigan gets that kind of tremendous growth at many times during the year at many of our places. So we probably have more licenses, certainly in some of these resort areas than we would normally have, and a lot of those close in the wintertime. So we have a lot of licenses but I think we've got a pretty good mix right now, but anything that we can do to keep the public safe and healthy, I think you know that Commissioner Olshove, Commissioner Lasher, Commissioner Toma and Commissioner Gonzales are right in the forefront of that.

MR. LAUVE: If I may just one other the thing.

CHAIR GAGLIARDI: Go ahead.

MR. LAUVE: I've had to deal with these drunks. I've had them working for me and accidents, shotty workmanship, there's a problem. My son-in-law was killed by a drunk driver while he was jogging on the side of the road, that's a problem. I don't see

anything done on those aspects. The guy that killed the son was -- went to his lawyer's office and never even got a ticket; he hired the policeman that was at the case. So this situation is not under control, and facilitating it and growing it is not an objective. The pregnancy of the children that are born from the women that have been drinking, I didn't hear anything mentioned about any of that. So that's my frustration. Thank you. I'm all done.

1.3

2.4

to share with us?

CHAIR GAGLIARDI: Well, we appreciate your frustration and we send our total sympathy to you on the loss of your son-in-law. That's the reason we have to try and control this substance and keep people safe, because when misused it can cause not only damage to the individual misusing it, but to the people around them. You're so right. I know you've been to a lot of our meetings. Stay involved with us. We need to have your input; we need to be reminded that we're not just a business, that we have a public health banner to also take care of. Thank you.

Who do we have next that wishes to speak?

MR. ISAAC: Mr. Commissioner, Roger Isaac.

CHAIR GAGLIARDI: Mr. Isaac, what do you have

MR. ISAAC: Well, first of all I want to

reiterate again what's been said numerous times, but my office specializes in liquor and transfers, so we have dealings daily with the Commission, and despite the pandemic, I will say that the help that we get daily whether it's an e-mail, whether it's a phone call, whatever we get is phenomenal, considering the fact that everybody's working from home. I mean I know what a difficulty it was when I had to work from home, it just throws off your entire balance. But I want to thank everyone, including all of the Commission, and I know the Zoom has helped because it's given us an opportunity to have a face-to-face.

1.3

2.4

I have several questions and I'll try and make them quick. The first question is this form 302 and the form is the Annual Organization Update that's required to be filed every July 1st where privately held corporations, LLCs and partnerships and so forth have to file this form. For years we filed this form, and I had one secretary that she used to just do this because we had 300 to 400 that we had to file for clients. I think it's a form that should only be required if there has been an activity rather than if there's been no activity they have to file it. I mean we look at what is 37,000 license renewals? This is another piece of paper that someone in your office, not

your office but in one of the clerk's office have to deal with it; they have to file it, they have to post it, especially if it's faxed. Again, what I was made to understand was only if there's a transfer do we need to use this form. I'd like to have someone maybe look into it and maybe clarify it; if it's needed, it's needed, but that's a lot of paperwork to be filed every year. That's number one.

1.3

2.4

CHAIR GAGLIARDI: Thank you Mr. Isaac, we will check into that for you and get a response to you.

MR. ISAAC: Then number two, I know that there was a change relative to franchise licensees, and I've had two, one was resolved, the other one has been sitting on an analyst desk for a couple months, and I think it's there because they're trying to figure out what the status is, and I know it was added that if there's a franchise, that the franchisor needs to fill out the application as well as the franchisee. What I noted in most of these franchise agreements, if there's alcohol involved, the franchisor does not take any revenue and its royalties from alcohol sales. So I just would, could someone clarify that because when the franchise comes in, we need to reach out. For example I'll just give an example that I do work for Applebee's, and I have 22 Applebee's that I represent.

We never had to deal with the franchise agreement. So the question now is do we reach out and does all the people that are members of this Applebee's have to fill out a form if they're not part of the licensee that I'm dealing with? Because the franchisors are large. Some of them are traded on the stock exchange. I mean, see, it doesn't -- I understand what the purpose is because you're saying they're sharing in the revenue, but if they don't share in the revenue do we still need to get backed up for a period of time while we answer these questions?

1.3

2.4

CHAIR GAGLIARDI: I think that's a legitimate request to ask. Why don't we see if we can get something in writing on both those issues to you Mr.

Isaac, and just remind everybody that a big part of what we do in our job is to follow the money of people involved in liquor licenses goes all the way back to 1934 and the forming of the Commission. So let's see if we can get an answer to those two questions, but I do know that we ask more of applicants than maybe we used to just to make sure there's no money laundering going on in this business. So thank you.

MR. ISAAC: And that brings me to the last issue and I do appreciate it. Always the elephant in the closet so to speak, and in the room is the

25

financing issue. Now that it's been expanded to three years income tax returns and one year of bank statements, and that's fine getting that information, but I know that the investigators are spending a lot of time on this issue. I mean especially when it's a greater number like I did one, I'll just use the example, I had 6 members of an LLC. Getting the financing together, it's a lot of paperwork. leads me to the question, what happens when we have some people, for example, that their tax return -- can we shorten the requirement, because I have one client his tax return is 138 pages? Do we need to send that or can we send just the initial stages; do they need all the supplemental? I'm trying to short circuit the system to where I get them what they want but it doesn't take so much of their time that, you know, and Commissioner Toma knows -- Commissioner Toma, when he was an investigator, he knows the one project that he and I ran across out of the Detroit area. I don't know if he's still there or online, but he knows the one that we spent weeks on trying to get the information, and it was a problem because the client had eight and-a-half million dollars in a 1031 exchange out of New York that he was using to buy six properties in Michigan, and it just took three or four weeks of their time. I mean I do that this everyday so I can get it, but it's the investigator, and I'm just wondering if there's a way that we can take the pressure off of them. I feel bad sometimes because of the volume of papers that they get, that's all. I do understand what you said, Mr. Chairman, what the purpose is. I do understand it's money laundering, hidden interest; I understand all that. My only comment is if there's any way that we can help the investigators? I'll take any suggestion that I can do to help them.

1.3

2.2

2.4

CHAIR GAGLIARDI: Well you've already made a good suggestion. I think we're going to put

Commissioner Toma on this because of his background,

and see what his thoughts are; maybe working with Tom

Hagan and Mary Anne Donley, Barb Subastian, our leaders
in enforcement.

Commissioner Toma, if you wouldn't mind sitting down with them and reviewing that for us.

Once again, Mr. Isaac, a big part of what we were set up to do coming out of prohibition was to follow the money of our licensees, and I know that people want to do it without much bothers, but going back to what Mr. Lauve just told us a little bit ago, there are bad ramifications if we have problems with this controlled substance, so we have to be careful.

2.2

2.4

But if you wouldn't mind taking that on, Commissioner Toma.

COMMISSIONER TOMA: Absolutely.

CHAIR GAGLIARDI: Thank you.

Thank you Mr. Isaac.

MR. ISAAC: Thank you.

CHAIR GAGLIARDI: Who do we have next?

MS. BELTON: Hi, my name is Malea Belton,

that's M-e-l-e-a, last name Belton, B-e-l-t-o-n.

CHAIR GAGLIARDI: Good afternoon.

MS. BELTON: Good afternoon. I am the Coordinator of the Ingham Substance Awareness and Prevention Coalition, and I also work as a Behavior and Mental Health Program Coordinator. I just wanted to take a moment to thank you for all the work that you've done in the regulations, and because I work in prevention as a Certified Prevention Specialist, I know that early access to substances really is the catalyst for long time substance use disorder. So making sure that things are regulated and tracked and everything, has been really important in the field that I work.

I also would like to just thank you for your support and your staff on the 4:00 a.m. sales. We do know that -- I don't want to ignore the fact that we are trying to support our small businesses, but we also

know that increasing, just in this time of pandemic, the alcohol sales have remained steady, and we've actually seen an uptake in substance disorders. So your stand on that 4:00 a.m. sales is really meaningful, and we thank you for that.

1.3

2.2

2.4

CHAIR GAGLIARDI: Thank you.

Any of the Commissioners want to respond on the 4:00 a.m. sales situation?

Let me say to you, probably when I was in college I would have been all for the 4:00 a.m. sales, but as I grew up and became a parent, I see the problems that could be caused.

MS. BELTON: So do I.

CHAIR GAGLIARDI: Go ahead Miss Belton.

Ms. BELTON: I live and work in Ingham County and, of course, Michigan State University is up here, and I just think about how the businesses will be affected if the patrons leave at 1:30 trying to get or however it would be if -- I'm sorry I'm getting a little confused -- when they are driving on the road later, and so we have people that go to work at like 5:00 a.m., and we have people that are being served until 4:00 a.m. Just thinking about the traffic accidents that could ensue. So like you, if I was still in college I absolutely would think it's a good

1 idea, but I've gotten a lot more world experience to 2 realize that that could be not so great. 3 CHAIR GAGLIARDI: It's totally up to the 4 legislature and we'll live with what they pass and what the governor will sign. Just so you know, I do believe 5 6 most of the law enforcement, local law enforcement 7 groups like the chiefs of police have come out against 8 the bill, so we'll see where it goes; I'm not sure if 9 it's on the track to become law but you never know. 10 Thank you. 11 Anything else you want to share with us? 12 MS. BELTON: No. Thank you for all your 1.3 support. Thank you. 14 CHAIR GAGLIARDI: You're very welcome. 15 Do we have anybody else that wishes to make a 16 comment? 17 MR. KORDECKI: My name is Mike Kordecki. 18 CHAIR GAGLIARDI: Mike, could you spell your 19 name for us please? 20 MR. KORDECKI: Michael Kordecki, 21 K-o-r-d-e-c-k-i.-2.2 CHAIR GAGLIARDI: Thank you Mr. Kordecki. 23 What do you have to share with us? 2.4 MR. KORDECKI: Well I want to start out 25 sharing the same thing I shared in the last meeting.

44

You guys, everyone has done a fabulous job; I'm very happy. In hearing about your 4:00 a.m. rule. I remember, too, being a child or a kid, my dad and my grandfather would say, son, nothing good ever happens after midnight, be home; that's just the way it's always been. With that being said, I appreciate the hours we have now up tell 11:00 p.m. and the 50 percent occupancy in the restaurants and bars. This is going to take a lot of patience, and personally I don't think any of us are in any hurry to slam the ball down and be a 2:00 a.m. bar again. I'm liking what I see.

1.3

2.2

2.4

With that also being said, I want to talk about the outdoor service permits that Commissioner also discussed in his slide show, and how quick you guys were to get the permits in place, and if I'm not mistaken, my permits say that these outdoor seating areas go away April 30th. I'm not sure if I've had an update. I have not seen an update.

CHAIR GAGLIARDI: I think, and we'll get

Kerry on here. I think you can switch those over to a

permanent outdoor service area fairly easily.

Kerry, are you still there?

MS. KRONE: Yes, I'm here. I think we do have Sara on and she might be able to chime in. I just want to make sure that the form hasn't changed. We did

have a transition form for them to fill out. I believe 1 2 we now are just encouraging them to fill out the 3 permanent. I'm going to ask Sara to maybe chime in to make sure I'm correct on that. 4 CHAIR GAGLIARDI: Sure. Our Licensing 5 Director is Miss Sara Weber. Ms. Weber are you on? 6 7 MS. WEBER: Yes I am. 8 CHAIR GAGLIARDI: Could you explain to Mr. 9 Kordecki what he could do to make his temporary a 10 permanent, please? 11 MS. WEBER: Yes. What you would need to do 12 is you would want to file an application for a 1.3 permanent outdoor service, and that application is 14 available on our website under the Reopening Resources 15 tab; that application can be completed and it can be 16 e-mailed to the Licensing Information Mailbox. 17 MR. KORDECKI: Thank you very much for that 18 information. Can I continue on a couple more items I 19 have? 20 CHAIR GAGLIARDI: Absolutely Mr. Kordecki, 21 what else do you have? 2.2 The other item I have is on MR. KORDECKT: 23 escrow licensing. I know when we buy a license in the

2.4

25

46

State of Michigan and we have it and we're not ready to

open up because we maybe just purchased the building

and the construction of the building is taking a little bit longer, the escrow licensing is now five years. Do you think with the Covid demand because so many of us small business people have been delayed on moving forward for the last, I'd say, I know twelve months for sure, moving into a new building where we're going to take the escrowed license and make it permanent. Will that be even considered to move the escrow license maybe out another year because of the Covid?

1.3

2.2

2.4

CHAIR GAGLIARDI: Absolutely. If you're running up against the five-year ceiling, just write us a letter and ask us to extend it with a good reason, and I can't think of one we haven't extended. We haven't had many before us right now but we do get them occasionally, Mr. Kordecki, but to you or any of our licensees out there, if Covid caused a problem in following through on your plans, which we know it has with some if not many, please get ahold of us, let us know you'd like an extension on your five year escrow.

Just for the people on the call that don't know what we're talking about. We allow our licensees to put into escrow their license. They pay their fee but it's not in use and it stays in their name for up to five years, and then after five years they lose it without good reason, without good cause, I think we

say. So Mr. Kordecki, to you and anybody else that needs to, please just write us and give us a letter of good cause, good reason as to why we should extend it.

1.3

2.4

MS. KRONE: Mr. Chair, I'm just going to add to that too, and Sara might want to add if she feels. If anyone is coming up against that five year mark now, in other words after this years renewal, that that would be expiring, you will want to try and get that request into us sooner than later, don't wait right up until the license renewal expiration or even after the expiration date. Sara, I don't know if you have anything else to add to that.

MS. WEBER: I actually do. We actually run a report on a yearly basis, so we do send notification out to anyone who has reached that five year limit, and they would be coming up on the sixth year that the license is being held in escrow. It does provide instructions and information on where to send that request for extension beyond the five years. So that does come out well ahead of the renewal period and it does allow time for you to respond.

MR. KORDECKI: Can you repeat that. Are you saying that you do send the notice out as the five year extension is coming due?

MS. WEBER: Yes. Every year we run a listing

2.4

report of that and we notify all our licensees whose licenses have been in escrow for five years, and it provides instructions for you to complete.

MR. KORDECKI: I don't have anything else.

You guys are fabulous. You work hard, you're there,
you know I've been on a Zoom meeting before with you.

I am still locked down, by the way, because of Covid.

I'm in Charlotte, North Carolina, but I get to go home
to Muskegon on April 18th.

CHAIR GAGLIARDI: Well we'll welcome you back with open arms Mr. Kordecki. Thank you. And thank you to Sara and Kerry for helping along with the answer to that question or the series of questions.

Who do we have next that would like to make a public comment or ask a question?

MR. TOBIAS: Good afternoon Chairman

Gagliardi. This is Mike Tobias with the Michigan

Coalition To Reduce Underage Drinking. T-o-b-i-a-s.

CHAIR GAGLIARDI: Thank you Mr. Tobias, go ahead.

MR. TOBIAS: I appreciate the presentation earlier and the transparency of the Commission, but MCRUD, we continue to be concerned about the density issues and would very much like to have a discussion with the Commission about how we might work together to

reduce the density in some areas of the state or at least be more strategic about where new licenses are placed. The reason we're concerned is that increased density is associated with violence and a lot of other problems.

1

2

3

4

5

6

7

8

9

10

11

12

1.3

14

15

16

17

18

19

20

21

22

23

2.4

25

Another issue we'd like to work with the Commission on is how we can work together along with local law enforcement to better enforce the Liquor Control Code. There are many retailers in the state that don't have any kind of violation history at all. There's a lot of licensees, there's a lot of reasons why probably, but I think we can be more strategic and more effective if we work together, and this is also consistent with the state's strategic plan to reduce under age drinking. As you know, the landscape's been changing with the cocktail and delivery to go and social drinking districts and some of those things. would encourage, you know, I hope that MLCC enforcement can get out and do some enforcement when it's appropriate and Covid gets more under control, to look at these areas specifically as well as the other enforcement areas that they do.

I also want to express a lot of appreciation for you and the Commissioners and the staff. You guys always do a good job working with us on issues, you're

professional; I can't express that enough. We really appreciate Commissioner Lasher being a liaison to our organizations. We've had several direct calls with the MLCC enforcement, and we have one with licensing coming up and with the Commissioners; we really appreciate that. Barb Subastian and the enforcement team's always helpful. They've been helping us to do some law enforcement training in Shiawassee County with law enforcement. We appreciate you hearing our concern with the Binder Park Zoo issue. Like we said before, we really appreciate MLCC coming out opposed to the bill to extend alcohol sales to 4:00 a.m.

1.3

2.4

Happy St. Patrick's Day. I appreciate it. If there's any questions, let me know.

CHAIR GAGLIARDI: It is a great day. Thank you Mike.

Commissioners, you have any comments on what you've heard so far?

COMMISSIONER LASHER: I would just add, Mike,
I appreciate your comments. I think the issue of
outlet density is something that we've certainly been
very interested in at the Commission and looking at. I
think as more of the work is done both from the
Department of Health and Human Services and I think
some of the work that's being done at Michigan State

University, I think that will be very informative as we look to that and see what some of the data really is telling us. So I think that's why we do continue to be very interested in that and looking forward to working more on that.

1.3

2.4

MR. TOBIAS: Thanks. Again, we look forward to a discussion with you all about that. Like you mentioned, I think there are experts in Michigan. The folks at Michigan State have done a lot of work in outlet density, and Michigan is fortunate enough to have an epidemiologist that can probably assist in that area as well. Thank you.

CHAIR GAGLIARDI: Anybody else have a comment, Commissioners?

I would like to just make one comment to you Mr. Tobias on the density issue. We did have several big hearings. I think one hearing we had almost 20 people if not 20 or 22 people testify dealing with the density and in Cascade Township in Grand Rapids, and most of that wasn't spurred on by people in the convention that work for the addiction field, it was spurred by licensees themselves who are saying there's enough licenses in the area. You know, there's only so much business, we'd like to stay in business, and we took a long hard look at that particular one because

they have been, many of them have been partners with the State of Michigan licensees for a long time. So there's more than just the public health side of the density issue to deal with, there's also the business side that I think sometimes get overlooked that a lot of our businesses are concerned about more and more people crowding into a smaller space to deliver the service.

1.3

2.4

MR. TOBIAS: Yeah I agree. I feel like the public health stuff gets overlooked often. I agree with you, the business community is concerned about some of these things too. I know that retailers are concerned about the number of more and more liquor licenses coming in and getting their business, essentially. Thank you.

CHAIR GAGLIARDI: Thank you Mr. Tobias. I appreciate it.

Anyone else wish to give us a question or comment?

MS. KLIEN: Yes, I would. My name is Darlene Klien, K-l-i-e-n, and I'm glad to hear -- I was told about this meeting and I'm so happy that I've taken the time to be here. I'm glad that the Commission is not for the 4:00 a.m. extending the bar hours or liquor being served. As I know that the people who are in the

25

bars after midnight, and I know this personally as well as from the work that I did as a psychologist in Michigan. The folks who are in the bars after midnight are the excessive drinkers. They're the people who have problems with the disease of alcoholism and we don't do anybody any favors allowing them to continue to drink. I also believe that there are too many businesses that are related in the alcohol business. Here in Charlevoix, and this is just a quick example. We have one party store, two grocery stores with full liquor sales, two gas stations with beer and wine, one gas station that sells beer only, two pharmacies which sale beer and wine, nine restaurants, they have a kitchen of some sort as well as having a full liquor menu, one restaurant which serves just beer and wine only, and this year we're getting two more drinking establishments; one is the gin distillery that's going to have a tasting room, that has had violations with the State of Michigan at another location, and when all of these things are put together, it's really really dangerous. It's dangerous to the health, to the public health of the community as well as the mental health of the community. There are many people who are in the poverty level here in Charlevoix. You don't see that when you come to visit. You don't see the devastating

25

affects of what alcohol can do to a small community like Charlevoix, but we need help. We need help to get the quotas down to where they need to be. If there are quotas that are over, I want to know how to go about working with you or with city officials to make this a better community to live in, a safer community to live There's a new business that has just been, a in. liquor license has been transferred from one building to another, and now they are asking MDOT permission to build a deck on MDOT property. When was the State of Michigan given permission to use State property for this kind of activity? I don't even know it that's I don't know if it will get passed or not, but legal. according to city council on Monday night, they're giving their blessing. There is very little that Charlevoix will do to turn away an alcohol business, and that is very sad. The saturation is going to be their demise. The cost that it takes for police, EMS, substances abuse counseling programs, all of the above including the hospital and doctor fees and things like that, that are a direct result of too much drinking, far outnumbers what we are losing everyday. So I'm just, I'm just asking that people would monitor more closely, look at the quotas in the cities and the resort cities probably have some very large numbers and it isn't the only way to see Michigan growth, from an altered state. We really need to really rethink this. As far as dormant licensing goes, my feeling is if you're not using it, you lose it. Letting it hang out there for five years and then there's already other businesses that are in the area and then springing one more business on that, to me, doesn't -- and if it's already saturated, I'm sorry you can't have another alcohol business here; too bad that you didn't use your license sooner. I would like to see something be done about that.

1.3

2.4

I also just want to thank you for hearing us out because oftentimes people at city council will say nothing, will not answer a question, will not give a comment so you have no idea where they're at. I just thank you for hearing this out.

Welcome for that, and we take our positions, because we're appointed by the governor and concurred in by the state senate, we take our positions with a lot of thought. We really understand that we have a unique job to do here. A lot of this goes back, Miss Klien, and we appreciate you stepping out and being willing to speak to the public health because you're absolutely right, if the public doesn't feel safe, they're not

going to come to your community.

1

2

3

4

5

6

7

8

9

10

11

12

1.3

14

15

16

17

18

19

20

21

22

23

2.4

25

The one thing that I can say to any community that's out there is that people elected to represent you are elected by the public, and you need to probably rally the people to your cause in your community to get the local elected officials to listen to you. somebody said that the 4:00 a.m. bill went through the legislature bipartisanly. Well I'm not sure how that works but there needs to be people telling the other side of that story, and people in Michigan that want to see us have the ability to keep public health and safety in mind, need to help us by making sure their city commissioners, their county commissioner's, their legislators, their governors hear the same message, and it takes time and it's a lot of hard work, but there's a message to be sent there. I go back and say I'm proud of being part of a growth industry that we're part of, but I want to make sure we're doing it in a way that when people come to Michigan or when Michiganians travel within our state or within their own community, they feel safe, and I'm sure local law enforcement feels the same way.

So I would urge you to go back and rally the troops in your community because the City of Charlevoix has the ability, as does every other city that has

licenses in it, to let us know that they don't want to see a license renewed. A liquor license in Michigan is good for one year, it has to be renewed, and any local government can petition the state not to have a license renewed, and there's a process to do that if they're willing to. Every once in awhile people do that because they're not happy with the way the business acts within their community. I really think you're bringing out some points we all ought to think about as leaders in this state. Now how do we put Michigan's best foot forward and how do we put it forward in a safe way so people really want to travel this state and see all that we have to offer, over 3,000 miles of fresh water, beaches. There's a lot of room in Michigan for everybody to enjoy it in the whole midwest. So I'll get off my soapbox, but I'm very proud to be a lifelong Michigander, and I think what you speak to makes a lot of sense.

1

2

3

4

5

6

7

8

9

10

11

12

1.3

14

15

16

17

18

19

20

21

22

23

2.4

25

Anybody else have any comments?

MR. AMUNDSEN: Hello. Yes, this is Bill
Amundsen, A-m-u-n-d-s-e-n, Amundsen, Norwegian, I'm
with the Michigan Council on Alcohol Problems.

Appreciate all of your support. Also against HB4115.
Miss Klien is the previous speaker, mentioned though
about Charlevoix, but it isn't only Charlevoix, it's a

lot of other communities, and I hear your concern that we need to get it out there and it's a lot of hard work, but as I understand HB4115, that comes under local option again. I live in Delta Township outside of Lansing, but if someone wants to open a business, no one -- almost no one wants to talk to the township council nor does anyone in the township council want to say no to a new business coming in, because that's business dollars, et cetera. I thank the Commission for speaking up about HB4115, and those of us in prevention networks or MiCAP or whatever, we also need to do our part in that. There's some danger in that 4115 just because of the local option and the proclivity of township councils, city councils, you know, whatever, to just really appreciate new businesses coming in. So that's just something that really needs to be lifted up I think, about HB4115. thank you for allowing me to speak and for all your good work on the Commission, too. Thank you so much.

1

2

3

4

5

6

7

8

9

10

11

12

1.3

14

15

16

17

18

19

20

21

22

23

2.4

25

CHAIR GAGLIARDI: Thank you Mr. Amundsen, and you're right that the local option does leave it up to the local control, and going back to Miss Klien's comments, you have to work with your local elected officials, and you have to be diligent about doing that and it does take a lot of work to do that and to effect

change.

1.3

2.4

Who do we have next?

MS. PEEPLES-HURST: Good afternoon. My name is Lisa Peeples-Hurst, P-e-e-p-l-e-s - H-u-r-s-t. I am the Public Health Promotion and Prevention Supervisor at the Berrien County Health Department and the Regent 4 Representative for MCRUD. So contacting you today, I'm glad to be on from southwestern Michigan. So if this had have been an in-person meeting I would have had quite a drive to make, so I do appreciate this platform.

member of MCRUD, and I certainly support all of the requests that Mike Tobias has made previously on behalf of MCRUD. I do thank you for your openness, I might say, from the things you presented at the beginning of the meeting, at the hearing, and just want you to know that we share all of those same problems when it comes to underage drinking in our community down here in southwestern Michigan as well. But I did want to support his request and also lend my support to you as Commission. I'm so glad that we have that relationship and that collaboration especially with Commissioner Lasher who serves as a MCRUD liaison. So I wanted to lend my support to those requests in that information

provided. Thank you.

CHAIR GAGLIARDI: Thank you Miss

Peeples-Hurst, we appreciate those kind comments.

Anyone else wish to make a comment?

Anyone else wish to make a comment at today's

meeting?

1

2

3

4

5

6

7

8

9

10

11

12

1.3

14

15

16

17

18

19

20

21

22

23

2.4

25

MS. FERTAL: Hello. My name is Helene Fertal, F-e-r-t-a-l, H-e-l-e-n-e. I'm a license holder in Birmingham, Michigan coming to you from Birmingham, Michigan. This is my first time listening in on one of the Commission meetings, and I just want to, as everybody else has, extend my thanks. I am a young woman who owns a business. I got my license when I was 21, actually received it when I was 21 and-a-half to the day, and you guys were so helpful, you answered every single question anytime I had one, you guys stay on the phone with me and re-explain things over and over, so I understood everything so thoroughly, and you guys have really helped me throughout this pandemic. I'm 25 now and I've owned this business for a couple years and it's been an amazing time. I would like to share also with all the people, all of you who deal with underage drinking. As a young person I take that very very seriously. My little brother has a lot of little younger friends, and it was a very strict thing

for me that I would never ever do that. It's very, very important to me because at the end of the day we are the last line of defense to make sure that these kids aren't drinking underage. So we thank you guys for your advocacy in making sure that we are held accountable.

1.3

2.2

2.4

CHAIR GAGLIARDI: Thank you Miss Fertal, appreciate that.

Do we have anyone else that wishes to make a comment or ask questions?

Anyone else wish to make a comment or ask a question?

Hearing none, I think what we'll do now is finish up our meeting. I'd like final comments from the Commissioners as to their thoughts.

Who wants to lead off, Commissioners?

How about Commissioner Gonzales, do you have any final thoughts, sir?

COMMISSIONER GONZALES: I took a lot of good notes. Being new to the Commission, it's very important for me to try to understand the A through Z of the industry, and so the input provided by the audience is very meaningful and much appreciated. So I'll take it to heart and work as hard as I can and do my fair share here as a Commissioner. Thank you.

CHAIR GAGLIARDI: Thank you Commissioner Gonzales.

1

2

3

4

5

6

7

8

9

10

11

12

1.3

14

15

16

17

18

19

20

21

2.2

23

2.4

25

Commissioner Toma, do you have any final thoughts?

COMMISSIONER TOMA: Final thought. You know, I heard a lot of concerns regarding licensing process, regarding oversaturation, regarding underage drinking. The fact of the matter is the Liquor Control Enforcement Division is not very good, their pretty amazing is what they are; okay. They go above and beyond but, you know, even Batman had a sidekick, so while you can call the Liquor Control Commission Batman, we need a sidekick and the sidekick is the community; the community that can at any point in time call anyone of the district offices with a concern and file a complaint, there are online resources that people can file complaints. So while we're doing the best we can, the community can assist in identifying problem locations, operating outside of the legal hours, selling to minors, that's doing certain things that pose a health risk to the community, the concerns of the licensing process, the concerns of dormant licenses, those can be discussed. I appreciate everyone that spoke up and brought those to the Commission's attention so that we can do what we can if there is anything that can be done to -- I guess it's an impossible task to make everyone happy but more so to make everyone safe. Thank everyone for participating.

1

2

3

4

5

6

7

8

9

10

11

12

1.3

14

15

16

17

18

19

20

21

2.2

23

2.4

25

CHAIR GAGLIARDI: Thank you Commissioner Toma.

Commissioner Lasher, do you have any final comments?

I would just say again COMMISSIONER LASHER: thanks for so much of this, it's just been really amazing. All of the comments have really been helpful and will help inform us as we go forward. I think it really demonstrates just the, similar to what Commissioner Toma just mentioned, really that community that makes up the work that we do, and that we have so many people who are very strong advocates on the prevention side, and so many licensees, I think very well represented by Miss Fertal's recent comments, who want to do the right thing and really can work together in a very productive and collaborative way. I think that's a very positive sign as we move forward and as we really try to make Michigan a really safe place for everyone to be. So I really appreciate that. that's a great bit of collaboration of the people we have in the State of Michigan.

2.4

25

1

CHAIR GAGLIARDI: Here here. Very well said. Commissioner Olshove, any final thoughts? COMMISSIONER OLSHOVE: I'd just like to say that a lot of the issues you talked about today were really state law. I hope everybody can make the distinction between what we do and what the legislature There are a couple formal representatives on this Commission, and it's interesting. In my past experience when people had an issue to me, I'd say well go talk to your representative, go talk to your senator, do you know who they are? Most of the time, I said did you try to call them, write them? only encourage people when it comes to issues, especially like 4:00 a.m., get to know your legislators; everybody out there should know who they are, call them up, tell them you want to meet with them. It's amazing how many times they'll say yes, and if they don't, bring four people with you, five people to the office, you'll get a meeting with them. ahold of those folks, you can make a difference. I think we talked about it earlier. On the city council, that's tough, but I think Commissioner Gagliardi said it's hard work, but you have to get out there and knock their heads, get their attention, they can be got ahold

of. So I'd only encourage you to do that; get to know

your elected officials.

1

2

3

4

5

6

7

8

9

10

11

12

1.3

14

15

16

17

18

19

20

21

2.2

23

2.4

25

CHAIR GAGLIARDI: Thank you Commissioner.

As you can see by the four individuals that just preceded me, we've got a great, great group here at the Commission.

I'd like to echo going to our website and you can follow every license and every local unit of government in all 83 counties, however many townships, villages and cities that is. You can follow every license on our website, where it's at, what's happening, in every community. I think you can see from our presentation and the comments from the public today, we're in such a unique industry where we are a business on one side helping to raise tax dollars for government, both state and local, and we are the regulators on the other side serving an important function of trying to keep people safe and trying to help with the legislative and gubernatorial direction, trying to keep the number of businesses, and in the right balance also. I think there's always going to be some discussion as to whether we're doing it right or not, but I think this has been -- really I hope more people come to our meetings to see the balance we have here, the uniqueness of what we do.

I just want to say I appreciate my fellow

Commissioners, and I appreciate everybody who was willing to stand up and be heard today. My hat goes off to you for having the ability to stand up and speak the way you feel. I want to also thank our staff and a special thanks to Renette Gibson and David Marvin for helping us go on, and everybody that participated from our staff, Sara, Kerry. We will do this again in six months, but you're always willing to join us or you're always open to join us. We meet on Tuesdays and Thursdays. You can check our website again to see if any of them have been cancelled. You can join by phone and listen to everything we do. We're a very, very transparent agency, and you'll hear from staff, our staff on issues, you'll hear from the attorney general's office. We have a whole cadre of attorney general staff that consults with us and gives us legal help. You can listen to it all and you can join any of our hearings, we're very transparent and we're very proud of that.

I want to thank everybody for taking the time this afternoon. Thank you.

With that we will adjourn. Have a good day and stay safe out there everyone.

(Hearing concluded at 2:42 p.m.)

25

21

2.2

23

2.4

I HEREBY CERTIFY that I reported stenographically, the foregoing testimony and proceedings on the date and place hereinbefore. set forth; that the same was later reduced to typewritten form, and that the foregoing is a true, full and correct transcript of my stenographic notes so taken. Renette L. Gibson, CSR-2731 April 13, 2021