BUSINESS MEETING OF THE

MICHIGAN LIQUOR CONTROL COMMISSION

Held: Thursday, September 9, 2021
Lansing District Office
525 W Allegan
Lansing MI 48933
(Held via Zoom)

Present: Pat Gagliardi, Chair
Geralyn Lasher, Commissioner

Absent: Dennis Olshove, Commissioner

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
Tom Hagan, Director of Enforcement Division
David Marvin, State Manager, Executive Services Division
Brenda Whitford, Finance Division
Rianna Flores, Finance Division
Jeannie Vogel, Public Information Officer
Anita Fawcett, Administrative Assistant

The meeting was called to order by Chair Gagliardi at 9:32 a.m., noting a quorum was present.

Chair Gagliardi advised the meeting was scheduled to discuss the Commission's new delisting procedures. He stated we would take comments on the new procedure from now and until next Thursday, September 16, 2021. Chair Gagliardi asked Ms. Hamilton to explain the old procedure and then the new procedures.

Ms. Hamilton gave a brief description of the current delisting procedures which are conducted by the Commission on a bi-annual basis. She stated the proposed delisting procedures will likely go into effect on October 1, 2021 and advised under the new delisting procedures:

- Products will be delisted monthly for the preceding, rolling 12-month period.
- For products with shelf prices < $100, product sales must be at least 12 standard cases.

- For products with shelf prices between $100 - $249.99, product sales must be six bottles in a year.
- For products with shelf prices $250 and greater, product sales must be one bottle in a year.
- Unlimited value-added products (VAPs) will be allowed and VAPS will be automatically delisted after six months. Vendors may re-list products the next available effective date after delisting.
- All other delisted products may not be relisted for one year.

Chair Gagliardi stated he feels the rolling delisting period will be fairer to suppliers and asked if Commissioner Lasher had any comments.

Commissioner Lasher stated she thinks this is a big positive step forward and will make the delisting procedures a more consistent process. She advised this procedure should be easier for vendors and managing the size of the list will be cleaner. Commissioner Lasher advised the Commission looked at the current prices in the market and wanted the policy to be reasonable and more modern but still have a variety of products for the licensees.

Chair Gagliardi thanked her and stated the Commission tried to keep it simple and not be onerous for the vendors but wanted a more modern stance for the business side of the Commission. He stated the new procedure will hep keep the price book current.

Ms. Krone stated we listened to the comments from vendors and industry. She advised we tried to address everything suggested and have a simplified process.

Ms. Hamilton advised the new procedures would make it easier at audit times and the rolling 12-month period will make the delisting process more consistent and fairer.

Jim Moran, State Manager for Luxco, thanked the Commission for including everybody in the process and thought the new procedure seems very fair.

Joe Cekola from Imperial Beverage Company thanked the Commission for keeping the threshold low which will help small businesses. He stated the procedure sounds good. He questioned the dates of delisting.

Ms. Hamilton advised the procedures should go into effective on October 1, 2021, and any delisting will coincide with the accounting schedules. She stated staff is working on bulletins that will be sent out to vendors, suppliers, etc., that will give those dates.

Mr. Cekola asked if there would be an appeal process.

Chair Gagliardi stated they can appeal and the request should go through the Chair's office. As mistakes can be made, an appeal process is needed. Chair Gagliardi once again stated comments would be taken until next Thursday, September 16, 2021,and the Delisting Administrative Order will be considered at that day's meeting.

Conrad Haremza from the Michigan Spirits Association asked if a fact sheet would be available so they could share it with their members. He stated it sound like a simple system and appreciated the consideration for the VAPs.

Ms. Hamilton advised she has a fact sheet for the delisting procedures and will have it posted to the website by the next day.

Jessica Smith from Pernod Ricard inquired whether VAPs can still include a bonus 50ml distilled product and questioned what the term unlimited VAPS means.

Chair Gagliardi advised that the 50ml distilled product attached to the primary bottle of the VAPs, must be listed with the Commission.

Lynn Walding from Diageo asked when the delisted VAPS could be relisted.

Ms. Hamilton explained the VAPs can be submitted a month later for inclusion in the price book, but that other products would have to wait a year if delisted.

Chair Gagliardi thanked staff for their hard work on the delisting procedures and all the help they have given licensees in using the on-line ordering system. He advised the Commission is working on moving all licensees to EFT payments and is working on a new online ordering system. He also advised that the SIPS project to modernize the business side of the Commission's responsibilities will be going out for bid soon. Chair Gagliardi thanked the past Commissioners, Andy Deloney and Teri Quimby for getting this process started.

With no further business, moved by Commissioner Lasher, supported by Chair Gagliardi, that the business meeting be adjourned at 10:01 a.m., motion carried by unanimous vote.

Pat Gagliardi
Chair