Thursday August 22, 2013
2:25 p.m. The Commissioners present were Michael Harper, Pamela Weatherspoon and Interim Chair Rob Patridge. Interim Executive Director, Merle Lindsey, attended along with members of staff.

EXECUTIVE SESSION PER ORS 192.660(2)(f) & 192.660(2)(h)
Chairman Rob Patridge called the meeting to order. Commissioners immediately went into an executive session to consider information or records exempt by law from public inspection under ORS 192.502(9) & ORS 40.225 and to consult with counsel concerning current litigation.

RECONVENE 3:35 PM

ADMINISTRATION
Jim Sgueo, NABCA President, came to update and orientate the board about NABCA’s role to control states and their boards. Mr. Sgueo also gave a brief overview of what is happening in other controls states with regard to legislative acts around privatization.

Direction to staff from Commissioners
There were no directives given to staff.

RECESS 4:45 PM

Friday August 23, 2013
8:00 a.m. RECONVENE
The Commissioners present were Bob Rice, Pamela Weatherspoon and Interim Chair Rob Patridge. Interim Executive Director, Merle Lindsey, attended along with members of staff.

MINUTES
Commissioner Rice moved to approve the minutes of the July 12, 2013 commission meeting. Passed 3/0 Commissioner Harper was not in attendance.

PUBLIC FORUM
There were no members of the public to address the Commission.

RETAIL SALES AGENT UPDATE
Steve Brown, ALSO President and North Lincoln City 1091 / Salem Battlecreek 1198 Agent, appeared before the board to discuss continued mission of the Grocer’s Association to privatize liquor in Oregon. Mr. Brown requested that the board take this issue seriously and asked that there be one voice between the Commission and agents to address the legislature. Chair Patridge thanked Mr. Brown for his work and stated this would be a collaborative effort between agents and the Commission.
COMPLIANCE
Stipulated Settlement Agreements
Anna Davis, Administrative Policy and Process Division presented.
There were twenty-six stipulated settlement agreements before the Commissioners for ratification; Pilot Travel Center #391, Mt. Scott Market, Surcrest Market, Kurt’s Country Store & Tavern, 7-Eleven Store #2363-21075E, C & M Tavern, Ray’s Food Place #17, Farmers Supply CO OP, Sergio’s Mexican Restaurant, Voodoo Martini, Pho Van, Pier 21, Spot 79 Bar and Grill, Winger’s Diner, Scooter McQuades, Deborah M. Bole, Eastern Pearl, Viet My Quick For Less, American Legion Post #134 (The Poppy Lounge), Mangiano’s, Flavel Grocery Outlet, Black Diamond Bar & Grill, Smith Anderson Enterprises, Ashland Vineyards, Pomar Junction Vineyards, and Juslyn Vineyard’s.
Commissioner Rice motioned to ratify the twenty-six settlement agreements as listed.
Passed 3/0 Commissioner Harper was not in attendance.

Ratification of Service Permit Refusals
Gwenn McNeal, Enforcement & Field Services Division presented.
There were nine service permit refusals before the Commissioners for ratification.
Commissioner Rice moved to ratify the service permit refusals as listed.
Passed 3/0 Commissioner Harper was not in attendance.

RULES
Annabelle Henry, Administrative Policy & Process Division presented.

FINAL ACTION
OAR 845-009-0140 Age Verification Equipment
Under certain circumstances, a licensee may elect to purchase age verification equipment in lieu of receiving the standard, first level Category III or Category III(a) sanction. To qualify for this credit, the licensee must purchase age verification equipment that meets the standards set forth in section (2) of the rule.

Section (1)(b) of the rule provides a definition of “equipment” that does not include the standards set forth in section (2). This omission could lead to confusion regarding the standards that age verification equipment must meet in order to qualify for the available credit.

The proposed amendment clarifies the standards that age verification equipment must meet by deleting the incomplete definition of “equipment” found in section (1)(b) of the rule.

Commissioner Weatherspoon moved to amend OAR 845-009-0140, effective October 1, 2013.
Passed 3/0 Commissioner Harper was not in attendance.

OAR 845-015-0205 Satellite Liquor Stores
In August of 2010, the Commission established a Satellite Liquor Stores Pilot Program. The program was designed to allow interested parties to determine the efficacy of operating non-exclusive retail liquor stores in smaller communities where there is a fluctuating, seasonal
demand for an additional outlet due to tourism or other similar factors. According to rule, the duration of a Pilot Program Agent Agreement may not exceed three years.

The first pilot Satellite Liquor Store contract (for “Cannon Beach”) began on September 1, 2010. The second pilot Satellite Liquor Store contract (for “Sunriver North”) began on February 4, 2012. Both stores have successfully achieved the goals of the Satellite Liquor Store Pilot Program.

If adopted, the proposed new rule would establish the standards and procedures that the Commission would use to locate and evaluate regular Satellite Liquor Stores. The proposed new rule would also allow the Commission to convert the two existing pilot Satellite Liquor Stores into regular Satellite Liquor Stores prior to the expiration of their respective Pilot Program Agent Agreements, if desired.

Commissioner Weatherspoon moved to adopt OAR 845-015-0205, effective September 1, 2013. Passed 3/0 Commissioner Harper was not in attendance.

ADMINISTRATION
John Eckhart, Acting Public Safety Director, introduced OLCC Regional Managers. Each manager read a brief biography for their new inspector. Chairman Patridge presented the oath.
The following inspectors were sworn in:
Charles Calvert - Newport office.
David Lattin – Bend office.
Tara Mathews – Salem office.
Teresa Parker – Portland office.
Marc Warren – Warrenton office.

Application for Redemption Center in Gresham OR.
Kelly Routt, Administrative Policy & Process Division presented.
Ms. Routt said the Oregon Beverage Recycling Center has submitted an application to open a new redemption center located at 1313 E Powell Blvd, Gresham, OR 97030. This new center will run similar to the one now open in South Salem. OBRC currently operates four redemption centers in Oregon. OBRC has submitted reports which indicate these centers provide a convenience to the public and consumers are increasingly opting to use these facilities rather than non-participating retailers in the area.
Commissioner Rice asked if anyone from OBRC was present or if Ms. Routt was aware of any progress with the Costco in the area. No one was present from OBRC and Ms. Routt stated she will ask OBRC for a status update relating to Costco.
Commissioner Rice moved to approve the new redemption center located at 1313 E Powell Blvd, Gresham, OR 97030
Passed 3/0 Commissioner Harper was not in attendance.

RETAIL SERVICES
Brian Flemming, Retail Services Director, presented.
Retail Sales Agent Agreement Revision
Due to a revision to OAR 845-015-0118, Retail Sales Agents Prohibited Interests, it is necessary to revise the current version of the Retail Sales Agent Agreement to include legal entities (Corporations/LLC’s). In addition, since the Agreement was last revised in 2003, many new technologies and processes have been created and we are updating the Agreement wording for current practices.

Commissioner Rice moved to approve the proposed Retail Sales Agent Agreement effective September 1, 2013.

**Passed 3/0**

### Retail Sales Agent Agreement Renewals

Sixteen agents have Retail Sales Agent Agreements that are approaching the expiration date. Eleven agents have met the reappointment criteria for a five year reappointment:

<table>
<thead>
<tr>
<th>Agent</th>
<th>Agency #</th>
<th>Location</th>
<th>Contract Expiration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mary Ann Babb</td>
<td>1031</td>
<td>Powers</td>
<td>01/01/2014</td>
</tr>
<tr>
<td>William Essig Jr.</td>
<td>1044</td>
<td>Bly</td>
<td>01/01/2014</td>
</tr>
<tr>
<td>Julie Sutherland</td>
<td>1223</td>
<td>Christmas Valley</td>
<td>01/01/2014</td>
</tr>
<tr>
<td>Todd Layport</td>
<td>1004</td>
<td>Redmond South</td>
<td>01/05/2014</td>
</tr>
<tr>
<td>Tobi Nielsen</td>
<td>1167</td>
<td>Astoria</td>
<td>01/12/2014</td>
</tr>
<tr>
<td>Nora Nelson</td>
<td>1220</td>
<td>Keizer</td>
<td>01/20/2014</td>
</tr>
<tr>
<td>Richard McCabe</td>
<td>1063</td>
<td>Milton-Freewater</td>
<td>02/20/2014</td>
</tr>
<tr>
<td>Mark Murray</td>
<td>1070</td>
<td>Prairie City</td>
<td>02/26/2014</td>
</tr>
<tr>
<td>Milton Finch</td>
<td>1128</td>
<td>Port Orford</td>
<td>05/04/2014</td>
</tr>
<tr>
<td>Vance Burghard</td>
<td>1200</td>
<td>Portland Tenth Ave</td>
<td>05/13/2014</td>
</tr>
<tr>
<td>Clinton Barber</td>
<td>1171</td>
<td>Ukiah</td>
<td>06/26/2014</td>
</tr>
</tbody>
</table>

Five agents have met the reappointment criteria for a 10 year reappointment:

<table>
<thead>
<tr>
<th>Agent</th>
<th>Agency #</th>
<th>Location</th>
<th>Contract Expiration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Freeman</td>
<td>1067</td>
<td>The Dalles</td>
<td>01/12/2014</td>
</tr>
<tr>
<td>Dean O’Donnell</td>
<td>1203</td>
<td>Detroit</td>
<td>01/20/2014</td>
</tr>
<tr>
<td>Richard Knolin</td>
<td>1155</td>
<td>Portland Hawthorne</td>
<td>01/28/2014</td>
</tr>
<tr>
<td>Deborah Larsen</td>
<td>1009</td>
<td>Browsville</td>
<td>05/19/2014</td>
</tr>
<tr>
<td>Barry Karimi</td>
<td>1178</td>
<td>Lake Oswego Downtown</td>
<td>06/07/2014</td>
</tr>
</tbody>
</table>

Commissioner Weatherspoon moved to approve the 16 agent contract renewals as proposed. **Passed 3/0** Commissioner Harper was not in attendance.

### Exclusive to Non-Exclusive Store Conversions Update

Mr. Flemming stated when the commission amended OAR 845-015-0101, 0105, 0115 & 0118; effective April 1, 2012, staff was directed to conduct the program with a limited pool of no more than four agents and four corporations. Mr. Flemming noted no corporations have applied to participate as liquor agents. At the June 2012 Commission meeting four agents were selected to convert from exclusive to non-exclusive stores as part of the program. During the program, all four stores saw growth in distilled spirits. Recently, two stores have requested that the base compensation be restored to the rate they received as an exclusive agent. Mr. Flemming stated staff will evaluate those requests and report back to the board at a future meeting.
Commissioner Rice asked Mr. Flemming to clarify the request for base compensation restoration. Mr. Flemming explained, the base compensation for non-exclusive is a lower percentage so when the four stores converted to non-exclusive; there was a reduction in base compensation of $1200 to $1400. The agents would like that percentage restored. Mr. Flemming noted there are several agents interested in applying to be non-exclusive and asked the commissioners how they would like staff to proceed with the non-exclusive conversion. Commissioner Rice stated the original intent was to apply this program system wide as agents applied and met the criteria but the agency was directed by others to run this as a pilot program. Commissioner Rice stated since the program was considered successful, the board should engage in a discussion to roll this out system wide. Chair Patridge agreed and asked staff to prepare a recommendation to the board and anything related to compensation to the September 12th meeting.

Recess to working session 8:43 AM
Reconvened 10:45 AM

CONTESTED CASE HEARINGS
Kaitlyn Oas
A Proposed Order was issued on July 2, 2013. Gwenn McNeal represented the OLCC at the administrative hearing and presented staffs comments to the Proposed Order to the commissioners. Ms. Oas appeared by phone to say she has been employed by Elmer’s for a year as a hostess, busser and a server but mainly works the morning shift. She stated that she has support from her employer and her probation officer to receive her service permit and noted Elmer’s is primarily a family, food service restaurant.

Reconvened 1:06 PM

Fajitas Mexican Restaurant
A Proposed Order was issued on May 16, 2013. Case Presenter, Anna Davis represented the OLCC at the administrative hearing and presented staffs comments to the Proposed Order to the commissioners. Attorney Duke Tufty appeared before the board to speak to his exceptions. Licensee Lucia Meza read a statement to the board.

1:18 PM RECESS IN CHAMBERS DELIBERATION OF CONTESTED CASES

RECONVENE 2:06 pm

CONTESTED CASE HEARINGS- Decisions on contested cases
Kaitlyn Oas
Commissioner Rice moved to amend the Proposed Order of the ALJ pursuant to the list which will accompany the minutes and adopt the amended order as a Final Order.
Passed 3/0 Commissioner Harper was not in attendance.

Fajitas Mexican Restaurant
Commissioner Weathersponn moved to amend the Proposed Order of the ALJ pursuant to the list which will accompany the minutes and adopt the amended order as a Final Order.
Passed 3/0 Commissioner Harper was not in attendance.

RECESS  2:07 PM

_____________________________
Michael E Harper, Sr., Commissioner

_____________________________
Rob Patridge, Chairman

_____________________________
Bob Rice, Commissioner

_____________________________
Pamela Weatherspoon, Commissioner

_____________________________
Merle Lindsey, Interim Executive Director
and Secretary to the Commissioners

NOTE: The next Commission Meeting is a phone meeting on September 12 & 13, 2013
   For more information, please telephone Toll Free 1-800-452-6522 or
   Portland 503-872-5006