



STATE OF ARIZONA
ARIZONA STATE LIQUOR BOARD
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DOUGLAS A. DUCEY
Governor

TROY L. CAMPBELL
Board Chair

TRACY UFFELMAN
Director

Arizona State Liquor Board Hearing Minutes
October 13, 2022

Members Present: Troy L. Campbell – Chair, Lynn Shulman – Vice Chair, Jill Pernice, Matthew Roemer, Victoria Yarbrough and Paul David

Members Absent: None

Counsel Present: Mark Brachtel, Assistant Attorney General

Staff Present: Denise Bale, Board Administrator
Arlene Moreno, Interim Board Administrator

A. Call to Order

The hearing of the Arizona State Liquor Board was called to order on October 13, 2022 at 9:01 a.m. with Chair Campbell presiding. Google Meet was utilized for facilitating the meeting. Board members, staff, and all parties participated either online or telephonically.

Board members were asked if they have, or a relative who has, a substantial interest or a remote interest with any of the matters on the agenda. Each member declared that he/she did not have a conflict of interest with any matters on the agenda.

Roll Call

All members were present.

B. 9:00 a.m. Agenda: Review, consideration and action

Mr. Campbell called Agenda Item 2 as the first matter.

2. Restaurant Liquor License, Application No. 196684 - Original Application

Ana Luisa Castro Gonzalez, Agent
Raspados El Paraiso LLC
Raspados El Paraiso
7701 E. Golf Links Road
Tucson, AZ 85730

This matter is set for hearing because the Tucson City Council recommended disapproval. The Applicant, Raspados El Paraiso LLC, and its Agent, Ana Luisa Castro Gonzalez, did not appear at the hearing. Principal Assistant City Attorney Shilpa Hunter-Patel appeared on behalf of the City of Tucson. The City filed a motion to continue the hearing until November in order to allow time for the Applicant to submit a mitigation plan to the City. Russlyn Wells of the City Planning and Development Services Department appeared in support of the City of Tucson.

There was Board discussion.

Motion to continue the hearing to November -	Pernice
Seconded -	Shulman
Yay -	Pernice, Shulman, David, Campbell, Roemer, Yarbrough
Nay -	None
Abstained -	None
Disposition -	Hearing continued to November 3, 2022

1. Beer and Wine Store Liquor License, Application No. 190800 - Original Application

Lauren Kay Merrett, Agent
GS International LLC
Aa's Corner Mart
4601 N. 12th Street
Phoenix, AZ 85014

This matter was continued from the September 8, 2022 hearings. This matter is set for hearing because the Phoenix City Council recommended disapproval. This is also set for hearing because of public protest. Peter H. Schelstraete appeared on behalf of the Applicant, GS International LLC, and its Agent, Lauren Kay Merrett. Assistant City Prosecutor Maxwell Mahoney and Assistant City Prosecutor Azadeh Hamilton appeared on behalf of the City of Phoenix. Leatrice Kitchell appeared and testified in support of the City of Phoenix. Protestor Jeffrey C. Peterson appeared and testified in support of the City of Phoenix. Mr. Campbell called the names of 17 qualified public protestors. Protestors Beau MacDonnell and Jeffrey Peterson acknowledged their presence. Mr. Mahoney and Mr. Schelstraete stipulated to admit the exhibits that each party has submitted to date. Mr. Schelstraete and Ms. Hamilton made opening statements.

Mr. Schelstraete called his first witness, Atul Grover. Mr. Grover is originally from New Delhi and holds a B.A. degree. He has completed the required Basic and Management liquor training. He has a store with a series 10 liquor license at 2020 Thomas Road in Phoenix, and there have been no liquor violations at that store. This location is a neighborhood convenience store and the hours of operation will be 7:00 a.m. to 11:00 p.m. The Applicants did a walk through with Phoenix Police Department (PPD) to determine security issues with the property. PPD made several recommendations, all of which have been implemented. The Applicants installed security cameras, 2 inside and 2 outside, and have become involved in Block Watch through PPD. "No Loitering" signs have been posted around the building and property. Heavy-duty shutters have been installed to discourage after-hours vandalism. A state-of-the-art security system with motion sensors have been installed. Additional lighting has been installed in the dark areas of the property. They also have a letter of authorization for trespass on file with PPD. The Applicants have obtained all the necessary permits and licenses in order to conduct business at this location. They have also improved the appearance of the property with cleaning, fresh paint and plants. They invited the neighbors to a meet-and-greet activity to share concerns. At that time, Mr. Grover distributed his phone number via email to the neighbors. Ms. Hamilton questioned Mr. Grover. There were questions from the Board.

Mr. Schelstraete called Akash Sethi. Mr. Sethi was born in New Delhi and has over 25 years of business experience in India. When he immigrated to the United States, he worked for a company that owned 7 convenience stores valley wide. Mr. Sethi was in charge of managing the stores. Through his experience, he learned how to manage a convenience store and handle all the problems that come with it.

He is managing the Thomas Road store. There have been no liquor violations at that store. Mr. Sethi and Mr. Grover each work 70-80 hours a week at both stores. Mr. Sethi works at Thomas Road 65-70 hours a week. Mr. Grover works 65-70 hours a week at the 12th Street store. Mr. Sethi has completed Basic and Management liquor training. Beer and wine sales at the Thomas Road store is 20-21% of total sales, and the partners expect the same ratio (20-21% beer and wine sales) at the 12th Street store. Mr. Sethi described the procedures they use to handle loitering and to keep the stores clean. The Thomas Road store has 8 security cameras, 4 inside and 4 outside. Ms. Hamilton questioned Mr. Sethi.

Mr. Schelstraete called Lauren Merrett. Ms. Merrett assisted the Applicants with their liquor license applications for the 12th Street and Thomas Road stores. Ms. Merrett is the Agent on both licenses. Ms. Merrett discussed the number of series 10 licenses within a one-mile radius of the 12th Street store. Mr. Mahoney questioned Ms. Merrett. There were questions from the Board.

Mr. Schelstraete called Sean Lieb. Mr. Lieb was a leasing agent on the 12th Street property. As the buyer representative, he assisted the owner and investor with purchasing the property and securing the lease. Mr. Lieb has 9-10 years' experience in retail commercial real estate. He described the real estate improvements in the surrounding area and why a convenience store is the "best and highest use" of the 12th Street property. Ms. Hamilton questioned Mr. Lieb.

Mr. Schelstraete called Samuel Pataq. Mr. Pataq immigrated to the United States in 1996 and settled in Detroit. His first job was in retail with a growing company in West Michigan. Mr. Pataq moved to Arizona in 2012. He owned several retail locations in West Michigan and he owned 3 real estate holdings and 3 retail locations in Phoenix. The majority of his portfolio is 3000-5000 square foot convenience stores. Mr. Pataq stated that this store is in an up-and-coming neighborhood, and that a convenience store is the highest and best use of the property. Mr. Mahoney questioned Mr. Pataq.

Mr. Schelstraete called Javier Lopez. Mr. Lopez is a lifelong resident of the area. He described the difference between the current owners of Aa's Corner Mart and the former owner, Circle K. He described the improved convenience of having the store open again in the neighborhood.

Mr. Mahoney called his first witness, Jeffrey Peterson. Mr. Peterson's business is directly across the street from Aa's Corner Mart (4545 N. 12th Street). His father purchased the property and opened a firm there in 1981. Mr. Peterson started his firm in 1994 at the same location. He described the trash, police presence, homeless people on his doorstep or on the property, and the trash they left behind. Mr. Peterson testified that alcohol was part of the problem most of the time, and he knew that because he picked up the trash and discarded containers. When the Circle K closed, the trash disappeared. Mr. Peterson is protesting the location 100%. He referred to a crime map and noted that when the alcohol sales went away, the crime went away. Mr. Peterson repeated that a liquor license is not appropriate and beneficial to the community. There were questions from the Board.

Ms. Hamilton called Litres Kitchell. Ms. Kitchell has lived in the neighborhood for 28 years. There were Board questions.

Beau McDonald, a qualified protestor, addressed the Board. Mr. McDonald collected some 80 protest letters and did not understand why those protestors were overlooked or not allowed to speak at this hearing. He testified that safety of the neighborhood is the number 1 concern of the protestors. He discussed the connection of alcohol with homelessness, group homes, and rehab homes as threats to the security and peace of mind of the neighborhood residents.

Mr. Schelstraete made a closing statement reiterating that the Applicants are responsive to neighbors and there is no saturation issue with this application. Mr. Mahoney made a closing statement reminding the Board that the neighbors are saying we do not want you to sell liquor here because of the problems we had before.

Mr. Campbell recused himself from the remainder of the meeting due to a schedule conflict. The Board recessed at 11:56 a.m. and reconvened at 12:03 p.m. with Vice Chair Shulman presiding.

There was Board discussion about the capability, qualifications and reliability of the Applicants; the contributions of a thriving business to the local economy; the expectations and observations of the neighbors; and the communication between applicants and neighbors.

Ms. Pernice made a motion:

I would like to make a motion that we approve liquor license application number 190800 for Aa's Corner Mart at 4601 North 12th Street in Phoenix, Arizona 85014, as the Board finds that the applicant is capable, qualified and reliable as required by A.R.S. section 4-203(A) based on the following facts: The applicant has undergone many intentional mitigation efforts to address some of the previous issues that were created by the prior tenant at the location, which was a Circle K. The applicant also has another location with a liquor license that has been successful with no other violations. The applicant has extended an invitation to meet with the community and neighbors to address their concerns and has been open to feedback about mitigation efforts. The applicant has also gone above and beyond to create a clean, safe, and welcoming business that is responsive to the neighborhood's concerns. The applicant has obtained appropriate liquor training. The Board also finds that the public convenience does require and that the best interest of the community will be served by granting this liquor license as required by A.R.S. section 4-203(A) based on the following facts: This is one of the only walkable locations within this neighborhood. Although we have discussed that there is a Sinclair not too far away from this location, the other grocery and liquor opportunities are a little bit more than a mile away from the location in question. This is an up and coming neighborhood. This use of the site is the highest and best use given some of the constraints of the location. Some of the testimony talked about limited access to parking and some other things that would make it difficult for this business to be used as something else. This area is not more saturated than other series 10 licenses that have recently been approved by the City of Phoenix. From my experience as a resident living in the City of Phoenix, I don't see this area as any more saturated than anything else that is located nearby. Some of the concerns that were raised by the protestors and neighbors cannot solely be controlled by the applicant alone. But even though they have been raised, the applicant has done work to mitigate these concerns, and I think that that is commendable on their behalf.

Motion to approve application -	Pernice
Seconded -	David
Yay -	Pernice, David, Shulman, Roemer, Yarbrough
Nay -	None
Abstained -	None
Disposition -	License granted

3. Restaurant Liquor License, Application No. 196480 - Original Application

David Ronald Jahn, Agent
Knead Luv LLC
Knead Luv Bakery
21031 N. Cave Creek Road, Suite F2
Phoenix, AZ 85024

This matter is set for hearing because of public protest. The Applicant, Knead Luv LLC, and its Agent, David Ronald Jahn, appeared at the hearing and were not represented by counsel. Mel McDonald appeared and testified in support of the Applicant. Protestor Sherri Dymond, on behalf of Little Sprout Preschool LLC, appeared and testified in opposition to the application.

Mr. Jahn is the sole organizer and owner of Knead Luv Bakery, which is a dedicated gluten free bakery that provides an allergen safe environment for those with celiac disease and other special needs diets. Mr. Jahn's customers specifically asked him to open a small bar in the bakery where they can enjoy a cocktail with their food. Mr. Jahn does not anticipate a large volume of alcohol sales because the bakery closes early. In response to Ms. Dymond's protest, most of the alcohol sales will be on the weekend when the preschool is closed. There were questions for Mr. Jahn.

Ms. Dymond presented her protest.

There was Board discussion. Mr. David referenced A.R.S. section 4-207, which allows a retailer's license to be located within 300 feet of a preschool. The restriction on premises within 300 feet of a school applies to grades K through 12. Mr. David made a motion to approve the application of Knead Luv Bakery. Each Board Member contributed person and location factors to the motion. The Applicant demonstrated that he is capable, qualified and reliable to hold a liquor license. He is a retired Navy captain who honorably served our country for 21 years. The Applicant has a compelling personal witness to vouch for his character as well as his wife's. The Applicant has appropriate business knowledge and has completed the required liquor training. Neither the Department of Liquor nor the City of Phoenix indicated that there is any current financial irresponsibility or debt with the Applicant. The Applicant also demonstrated that the public convenience requires and the best interest of the community will be served by granting a liquor license to this location. The business will be serving a specialized customer group. The Applicant's customers have requested this additional offering.

Motion to approve application -	David
Seconded -	Yarbrough
Yay -	David, Yarbrough, Shulman, Pernice, Roemer
Nay -	None
Abstained -	None
Disposition -	License granted

C. Minutes: Review, Consideration and Action

Motion to approve General and Executive Session minutes of September 8, 2022 -	Pernice
Seconded -	Roemer
Yay -	Pernice, Roemer, Shulman, David, Yarbrough
Nay -	None
Abstained -	None
Disposition -	Minutes approved

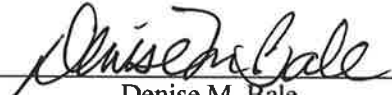
D. Reports on Current Events, Matters of Board Procedure, Requests and Items for Future Agenda

There were requests for the 2023 Hearing Schedule and training on changes to Title 4 that became effective on September 24, 2022.

E. Call to the Public

Protestor Beau McDonald addressed the Board regarding the hearing on Aa's Corner Mart.

Motion to adjourn meeting -	Yarbrough
Seconded -	Pernice
Yay -	Yarbrough, Pernice, Roemer, Shulman, David
Nay -	None
Abstained -	None
Disposition -	Meeting adjourned at 1:30 p.m.


Denise M. Bale
Administrator of the
Arizona State Liquor Board


Date