

LAW COMMITTEE REPORT – RULES AFFECTING CLUB LIQUOR LICENSES AND HALL RENTAL/USE AGREEMENTS WITH MODEL USE AGREEMENT

Members all. It is the goal of the Law Committee to help assist the Lodges in minimizing the risk that any individual lodge may be in violation of Michigan Law with respect to the sale of alcoholic beverages. To this end, the Law Committee has undertaken a review of the rules and regulations regarding the rights and responsibilities of Club Liquor License holders (such as our affiliated Lodges) that are published by the Michigan Liquor Control Commission (“LCC”). Members of the Committee have also had some informal discussions with LCC enforcement officers to better understand how some of the rules and regulations are interpreted and enforced.

As a result of these inquiries it has been determined that there remains a certain amount of gray area in the rules and regulations which is left open to the subjective understanding of each individual enforcement officer. As a result, it is not possible to completely define the outer limits of a Club License holder’s use rights. However, it has also been determined that there are certain common mistakes that holders of Club Liquor Licenses make which put them in violation of their licenses. The intent of this report is to identify the common errors so that Lodges may implement efforts to avoid these violations. This list is not intended to be all inclusive of the prohibitions, but merely seek to identify the most common ones.

1. Lodges may only sell alcoholic beverages directly to their members. “Members” are defined as annual dues paying members with voting privileges. A lodge may not sell a temporary membership to non-members. Any lodge that sells alcoholic beverages directly to non-member spouses or widows is at risk for receiving a violation from the LCC. Members are allowed to purchase alcohol for their non-member guests.
2. Alcoholic beverages may not be removed from the licensed facility. This includes parking lots and connected outdoor areas such as horseshoe pits. However, the LCC may approve a request for an outdoor services area. Approvals may be obtained for temporary outdoor services areas for up to 12 events per year, or for a permanent outdoor service area that then becomes part of the permanent club liquor license. To be approved as an outdoor service area the location must be confined by a barrier and be contained on the licensed property.
3. Club Liquor License holders must retain complete control over their facilities at all times that alcoholic beverages are being served. This means that a lodge is not authorized to “rent” any part of its facility, even to members, if alcoholic beverages are being served (this is because a rental agreement gives up temporary control to the tenant). However, the lodge may allow a member to “use” part of the lodge facility, such as a hall, and serve alcohol to the member’s guests, provided the member is responsible for payment of the alcohol. Thus, it is important any agreement drafted by our lodges to allow the use of a hall for

private parties, strictly avoid all of the following terms: “rent”, “renter”, “tenant”, “landlord”, “lease”, “lessee”, “lessor”, or terms with similar meanings. Instead, terms like “use”, “use fee” or “clean-up fee” should be used. Attached with this report is a draft of a generic hall use agreement that may provide a basis upon which lodges can model their specific agreements to minimize the risk of an unintended violation of their license. Any lodges with specific questions regarding the form of their agreements should feel free to contact the Law Committee Chairperson, Paul Robinson at pr@sullivanleavitt.com for further discussion.

4. Lodges may obtain up to 12 Special Licenses which will allow them to sell beer, wine and spirits to the general public during approved hours within the 24-hour licensing period at the designated premises. Provided that:
 - All profits derived from the sale of alcoholic liquor must go to the licensed organization, not to any individual.
 - The application includes a resolution of the membership or board authorizing the application and an affidavit showing the length of time the non-profit organization has been in existence.
 - The written approval of the police chief or sheriff is obtained.

Respectfully Submitted
Paul E. Robinson
Law Committee Chairperson

HALL USE CONTRACT

Hall Use Date: _____

Agreement between the Elks Lodge No. _____ and

Member _____ Phone: _____

Address _____ City, State & Zip _____

Purpose of Hall Use _____ E-Mail _____

Deposit Of \$ _____ Received on Date _____ CK. NO. _____ (\$ _____ is required at the time of signing of Contract). The \$ _____ deposit will be returned to you after a satisfactory inspection.

HALL USE FEES: (ALL HALL USE INCLUDE CLEANUP FEE.)

1. \$ _____ Saturday use of Hall, Kitchen with or without Caterer.
2. \$ _____ Friday use of Hall, Kitchen with or without Caterer.
3. \$ _____ All other Days use of Hall, Kitchen with or without Caterer
4. Community service or fundraiser a \$ _____ deposit and a \$ _____ cleaning fee Total = \$ _____ is required at signing of Contract. **USE OF HALL MUST BE PRE-APPROVED BY THE LODGE'S BOARD OF DIRECTORS BEFORE THIS CONTRACT CAN BE WRITTEN!!**

HALL USE FEE \$ _____ BALANCE DUE \$ _____ CK. NO. _____ Date _____ Hall use fee balance must be paid in FULL 14 days prior to the hall use date!!

(Maximum Length of Hall use is _____ hours, unless the _____ Board of Directors has granted prior approval!)

Hall use to begin at _____ am/pm on _____ and terminated at _____ am/pm on _____.

Caterers can only be one of the following who are licensed and insured and have been approved by the Board of Trustees:

Caterer's Name _____ (XXX-XXX-XXXX)

Caterer's Name _____ (XXX-XXX-XXXX)

Caterer's Name _____ (XXX-XXX-XXXX)

It is further agreed that:

1. The Member will vacate the premises and/or surrender the chattels within one half hour after the Member's time expires, or they will forfeit the deposit.
2. The Member is responsible for all damages to the premises during his/her use. The Member will pay for all such damages from the deposit. If breakage or loss exceeds this amount, the Elks Lodge may hold any goods or chattels to cover same, in case of failure to pay by the Member.
3. The Elk's Lodge is not responsible for any goods or chattels left on the premises after the expiration of rental or during time of tenancy.
4. The Elk's Lodge reserves the right for any of its authorized executives to enter the premises during the Member's use.
5. The Member is not to use the premises for any subversive purposes against the US government.
6. The Member agrees that occupancy of the above rooms and chattels is for the date of Hall use only. This does not include any cooking the day before occupancy without specific approval being stated in this agreement.

7. The Member is to abide by the Elk Lodge's rules and regulations as well as all federal, state and city laws and/or ordinances. Upon any violations of the foregoing, the Member and Member's guests and invitees use rights shall terminate and they shall vacate the premises within 15 minutes. Additionally, all of Member's agreements made for future dates become automatically void and any deposits are forfeited.
8. Absolutely no liquor or alcoholic beverages will be served to minors.
9. All decorations must conform to act 207 of the public acts 1941 (Flameproof Materials).
10. The Member agrees to abide by the closing hour of _____ for all evening hall use.
11. The Member agrees to notify any company or person delivering or picking up chattels for his tenure that the proper time for such delivery or pick-up is after 12 (noon).
12. The Elk's Lodge reserves the right to cancel this agreement within 15 days prior to the date agreed upon with the refund of all deposits.
13. The Member agrees that it has inspected the Hall and its equipment and the same are in proper condition and working order.
14. The Member agrees to indemnify, defend and hold harmless the Flat Rock Elks and its officers, directors and members against all demands, causes of action or any other claim by the Member or any of its guests, employees, patrons or invitees arising out of the Member's use of the Hall.
15. This agreement may not be assigned or transferred without the expressed written consent of the _____ Elks.
16. This agreement contains the entire understanding of the parties with respect to the subject matter of the Member's use of the Hall and no term or condition not specifically contained herein is binding on the parties.
17. This agreement may not be modified or amended except through an express written agreement signed by the parties.
18. The Member's obligations under this agreement may be relieved without penalty upon giving ___ days notice of cancellation. A cancellation within __ days will result in forfeiture of all deposits.
19. The Member has carefully read all of the covenants of this agreement and fully agrees to abide by each and every one of them.

FOR BEVERAGE SERVICES, (5hr maximum), the Member must complete and sign the additional "_____ Elks #____ hall use beverage service" contract form provided 4 weeks prior to the hall use. It includes your choice of the various available "packages" and the cost is based on the number of people at you event as verified by a count of chairs set up at the day of your event.

(Optional clause) Table linens and napkins are also available. (Linens and Napkins are available in colors) The cost is \$_ per Linen and \$._ per Napkin and they must be ordered and paid for 7 day prior to your hall use date.

Linens /Color _____ Long _____ Round _____ = Total _____ X \$ _____ = Total \$ _____

Napkins/ Color _____ Total _____ X \$ _____ = Total \$ _____

Total costs/ Linens \$ _____ + Napkins \$ _____ = Total \$ _____ Paid Date _____

Member Signature : _____ Date: _____

Accepted for the _____ Elks Lodge : _____ Date: _____

Hall use Info. Contact: _____ @ XXX-XXX-XXXX or E-Mail @ John Doe@att.net