

# ALCOHOL IMPACT AREA AGREEMENT

THIS ALCOHOL IMPACT AREA (AIA) AGREEMENT (“Agreement”) is entered into among Columbia Distributing Co. (“Columbia”), K&L Distributing (“K&L”), Odom Corporation (“Odom”), and the City of Seattle (“the City”), for the purpose of improving public safety and reducing crime and nuisance activity in the Central Core Alcohol Impact Area and the North Alcohol Impact Area. The parties hereby agree as follows:

## BACKGROUND FOR AGREEMENT

1. The Washington State Liquor Control Board (“WSLCB”) established in the City the Central Core Alcohol Impact Area and the North Alcohol Impact Area (“AIAs”) by resolution on August 30, 2006. The alcohol restrictions in the AIAs became effective on November 1, 2006.
2. Columbia, Odom, and K&L distribute alcohol products to retail sellers within the AIA boundaries. Columbia, Odom, and K&L desire to promote and support the public safety goals of the AIAs.
3. Since the AIAs went into effect, additional products have been introduced that are similar to the high-alcohol, low-cost products that are on the AIA Banned Products list. The sale of these products has reduced the effectiveness of the AIAs. In order to improve the effectiveness of the AIAs, the parties agree to use good-faith efforts to comply with the provisions set forth below in the Terms of Agreement:

## TERMS OF AGREEMENT

1. Columbia, Odom, and K&L will request that all of their customers and retail sellers located in the Central Core AIA and North AIA boundaries agree not to sell alcoholic beverages in packages with fewer than six individual containers (e.g. single-serve products) between 6:00 a.m. and 1:00 p.m. This restriction will be known as the Single-Serve Ban.
2. Columbia, Odom, and K&L will monitor the Single-Serve Ban with spot checks, data collection, and others means. Columbia, Odom, and K&L will share the results of their monitoring actions with the City in order to evaluate the effectiveness of the Single-Serve Ban. Columbia, Odom, and K&L will provide the City with sales data for products sold by retailers within the AIA boundaries.
3. Columbia, Odom, and K&L will support the City’s request to the WSLCB to add the following products to the AIA Banned Products list: Camo Black Ice, Ice House, Johnny Bootlegger, Joose, Tilt Green, Sparks Turbo, Sparks Plus, Big Bear, Four Max, Liquid Charge, 3 Sum, Paze, and Maximum Ice. The parties will also ask the WSLCB to add any line extensions from the above manufacturers that violate the formula discussed in Section 5 (below) to the AIA Banned Products list. Distributors will report sales data on line extensions that come from the manufacturers of the above brands.

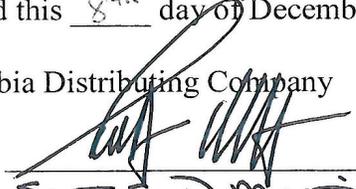
4. The City agrees to withdraw its current request to the WSLCB to add the following products to the AIA Banned Products list: Sparks (6% alcohol), Tilt (6.6% alcohol). Nothing in this agreement prohibits the City from asking the WSLCB to add other products to the AIA Banned Products list in the future.
5. The City and representatives of the Distributors will seek clarification from the WSLCB prior to the effective date of this agreement that the Distributors have the right to refuse to sell specified products to retailers within the AIA. If granted the distributors will agree to enact this restriction on retailers located in the AIA.
6. Columbia, Odom, K&L, and the City agree to meet as needed to discuss any products of concern or other issues involving the chronic public inebriate problem within the AIA boundaries. The parties shall meet prior to the distribution or sale of the following types of products within the AIA boundaries: (1) any new product that has caffeine, ginseng, or taurine and alcohol if the alcohol content is over 6.6%, or (2) any new malt beverage product packaged in single-serve containers if the alcohol content is over 6.0%. Products that meet either of these criteria must be approved by all parties to this agreement before they may be sold within the AIA boundaries.
7. If the Single-Serve Ban has not been shown to be effective after one year, as determined by the City, then the City may ask the WSLCB to add Sparks (6% alcohol) and Tilt (6.6% alcohol) to the AIA Banned Product list. If the City decides to make this request to the WSLCB, Columbia, Odom, and K&L agree to support the City's the request. The City and Columbia, Odom and K&L also agree to meet and discuss whether the single serve ban should be discontinued or modified if it is found to be ineffective.
8. The parties will cooperate on a City awards program to provide public recognition to retailers who follow the ban and promote public safety.
9. The parties agree to work together to promote public safety and reduce incidents of chronic public inebriation within the AIA boundaries.
10. Upon thirty (30) days written notice to the other parties, any party to this Agreement may terminate its participation in this Agreement.
11. Miscellaneous.
  - i. Should any provision in this Agreement be declared or determined to be illegal or invalid, the validity of the remaining provisions shall not be affected, and the illegal or invalid provision shall be deemed not to be part of this Agreement, and all remaining provisions shall remain valid and enforceable.
  - ii. This Agreement sets forth the entire agreement between the parties and supersedes any prior agreements and understandings between the parties concerning the subject matter of this Agreement. In entering into this Agreement, the parties are not relying on any promises or representations of any sort except those set forth in writing herein. The effective date of this Agreement shall be January 1, 2009.

- iii. The laws of the State of Washington shall govern this Agreement. Venue shall be in King County, Washington.
- iv. Each person signing this Agreement acknowledges that he or she has the authority and capacity to enter into this Agreement for, and on behalf of, the party represented by that individual.

Entered this 8<sup>th</sup> day of December, 2008.

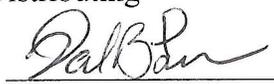
Columbia Distributing Company

By:

  
Scott E. DeMartine Its: EVP

K&L Distributing

By:

  
Daniel B. Levine Its: Pres. CEO

Odom Corporation

By:

  
Richard A. Bockett Its: COO

City of Seattle

By:

  
Stella Chao, Director  
Seattle Department of Neighborhoods