

**OFFICE OF THE  
WASHINGTON STATE LIQUOR CONTROL BOARD  
Board Meeting Minutes – June 3, 2009**

Board Chairman Lorraine Lee called the regular meeting of the Washington State Liquor Control Board to order at 10:08 a.m., on Wednesday, June 3, 2009 in the boardroom, 3000 Pacific Avenue SE, Olympia, Washington. Board Members Ruthann Kurose and Roger Hoen were present. This meeting was partially audio recorded.

**Quarterly Leasing Update – John Redal, Retail Services Director, Suzanne Lewis, Leasing Manager**

Suzanne provided the Board with an update on new store sites for the 2009-11 Biennium.

The new state liquor store sites include:

- Snohomish County – South Everett, expected to open November 2009
- King County – Downtown Seattle, expected to open February 2010
- King County – Seattle-north of ship canal, expected to open June 2010
- King County – Bellevue, expected to open September 2010
- Pierce County – Tacoma-University Place, expected to open January 2011

The new Contact Liquor Store (CLS) sites include:

- Thurston County – Lacey, expected to open July 2009
- King County – Redmond Ridge, expected to open August 2009
- King County – East Renton, expected to open September 2009
- Pierce County – Gig Harbor, expected to open October 2009
- Snohomish County – Clearview, expected to open November 2009
- Pierce County – Dupont, expected to open February 2010
- Snohomish County – Mountlake Terrace, expected to open March 2010
- King County – Seattle Rainier Valley, expected to open April 2010
- King County – West Seattle, expected to open May 2010
- King County – Kirkland, expected to open June 2010

Suzanne provided the Board with information on CLS considerations that are not recommended to go forward. In addition, Suzanne provided the Board information on store reallocations, lease renewals, and store remodels. The Board members noted that store leasing has been delegated to the Administrative Director, Pat Kohler. The quarterly updates keep the Board informed of leasing decisions. *See attached Proposed New Store Sites 2009-2011 Biennium and store leasing update.*

**Potential One-Time-Only Holiday Listings – Steve Burnell, Marketing Manager**

Steve made recommendations as explained in the June 3, 2009 memo (*see attachment*). The Board members unanimously approved the recommendations.

**Potential One-Time-Only Listing – Steve Burnell, Marketing Manager**

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**Board Approval to File CR 101 – Rules to implement 2009 legislative session related to retail licensees – Karen McCall, Rules Coordinator**

The following bills were passed during the 2009 legislative session that require changes on existing administrative rules (WAC) or the development of new rules:

- SSB 5367 – Creates a Nightclub liquor license
- SSB 5834 – Allows Beer/Wine Specialty Shops to sell kegs for off-premises consumption, allows spirits, beer, and wine private clubs and beer and wine private clubs to sell bottled wine for off-premise consumption, allows retail-to-retail product (wine) transfers, and changes the process of electronic fund transfer
- EHB 2358 – Increases most retail liquor license fees

The Board members unanimously approved the filing of CR 101 – rules to implement 2009 legislative session related to retail licensees. *See attachment.*

**Board Approval to File CR 101 – Rules to implement 2009 legislative session related to manufacturers, distributors, importers, and retailers – Karen McCall, Rules Coordinator**

The following bills were passed during the 2009 legislative session that require changes to existing administrative rules (WAC) or the development of new rules:

- EHB 2040 – changes in beer and wine regulation including financial ownership or interest, money's worth – advertising, price post and hold, and minimum markup
- SHB 1812 – requirements for wine labels
- ESHB 1441 – process for terminating or cancelling agreements between distributors and producers of malt beverages
- SSB 5834 – addresses authorized representatives, creates a winery warehouse, provides new exceptions to tied house

The Board members unanimously approved the filing of CR 101 – rules to implement 2009 legislative session related to manufacturers, distributors, importers, and retailers. *See attachment.*

**Board Approval to File CR 101 – Rules to implement 2009 legislative session related to cigarette and tobacco licensing – Karen McCall, Rules Coordinator**

The following bills were passed during the 2009 legislative sessions that require changes in existing administrative rules (WAC) or the development of new rules:

- SHB 1435 – Grants the Liquor Control Board administrative authority to approve, deny, suspend or revoke retail, wholesale, or distributor cigarette and tobacco products licenses

The Board members unanimously approved the filing of CR 101 – rules to implement 2009 legislative session related to cigarette and tobacco licensing. *See attachment.*

**Board Approval for Filing a Preproposal Statement of Inquiry (CR 101) for implementation of Board Interim Policy #4-2009 – Delegation of Authority – Karen McCall, Rules Coordinator**

Current rules delegate authority to the Administrative Director and other designated staff to approve unopposed or uncontested liquor license applications. Board Interim Policy #4-2009 delegates authority to make threshold decisions related to liquor license applications and renewals where objections have been received or the applicant/licensee appears to not meet the eligibility requirements. WAC 314-07-120 and WAC 314-42-010 will need to be amended to reflect this policy, as well as WAC 314-09 – Contested Liquor License Applications and Renewals.

The Board members approved the filing of CR 101 – for implementation of Board Interim Policy #4-2009 – Delegation of Authority. *See attachment.*

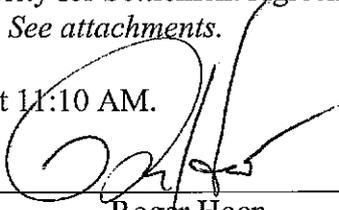
**Delegation of Authority for Settlements for First Offenses and Administrative Complaints – Pat Parmer, Enforcement Division Chief**

Pat provided background information for both proposals. Currently 73% of administrative violations are first offenses. The Board members will continue to make decisions on violations after the first offense. Pat Parmer will keep the Board members informed on non-routine and other significant first offense decisions. The Board members approved the proposals on Delegation of Authority for Administrative Complaints and Delegation of Authority for Settlement Agreements on First Offenses for Liquor and Tobacco Administrative Violations. *See attachments.*

The Board Meeting was adjourned at 11:10 AM.

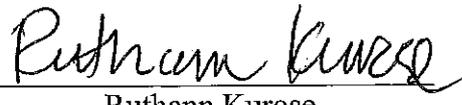
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Lorraine Lee  
Board Chairman



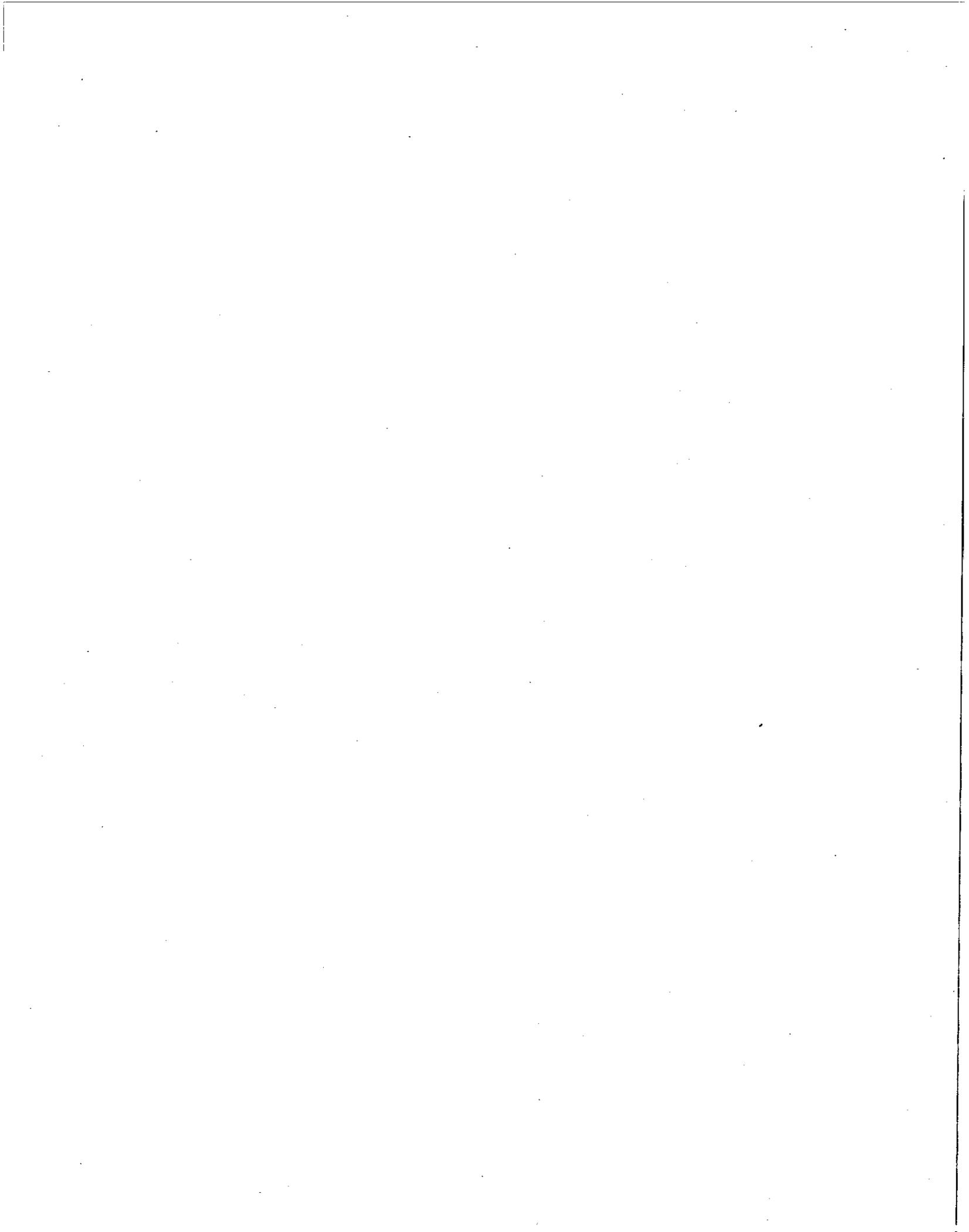
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Roger Hoen  
Board Member



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Ruthann Kurose  
Board Member





Washington State  
Liquor Control Board

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## ***STORE LEASING ACTIVITY***

**11/01/08 THROUGH 04/30/09**

**LEASING ACTIVITY**  
**11/01/08 through 04/30/09**

<u>RELOCATIONS</u>																	
<b>STORE #179</b>	<b>LOCATION: NORTH BEND</b> <span style="float: right;"><b>Opened 11/14/08</b></span> New addition in Safeway-anchored Mountain Valley Center																
<b>Old Site</b>	<b>470 E. North Bend Way, North Bend</b> <span style="float: right;">4,200 sq. ft.</span> \$ 4,865.00 per month or \$13.90 per sq ft per yr Years 1-10																
<b>Temp Site</b>	<b>38565 River Street, Snoqualmie</b> <span style="float: right;">3,700 sq. ft.</span> \$10,000.00 per month or \$32.17 per sq ft per yr Year 1																
<b>New Site</b>	<b><u>320 SW Mt. Si Boulevard, North Bend</u></b> <span style="float: right;">5,546 sq. ft.</span> \$13,865.00 per month or \$30.00 per sq ft per yr Years 1-3 \$15,251.50 per month or \$33.00 per sq ft per yr Years 4-6 \$16,638.00 per month or \$36.00 per sq ft per yr Years 7-10  Rent averages \$33.30 per sq ft per yr over the 10 year lease.																
<b><u>SALES HISTORY</u></b>	<p><b>Recent sales history for Store No. 179 is as follows:</b></p> <table border="0" style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Retail Sales</u></th> <th style="text-align: center;"><u>Licensee Sales</u></th> <th style="text-align: center;"><u>Gross Sales</u></th> </tr> </thead> <tbody> <tr> <td>FY2008</td> <td style="text-align: right;">\$1,249,701</td> <td style="text-align: right;">\$415,283</td> <td style="text-align: right;">\$1,664,984</td> </tr> <tr> <td>FY2007</td> <td style="text-align: right;">\$2,111,775</td> <td style="text-align: right;">\$675,249</td> <td style="text-align: right;">\$2,787,024</td> </tr> <tr> <td>FY2006</td> <td style="text-align: right;">\$1,992,729</td> <td style="text-align: right;">\$600,663</td> <td style="text-align: right;">\$2,593,392</td> </tr> </tbody> </table> <p>Sales/sq ft: FY08 = \$446 (average for all state liquor stores was \$828)  FY07 = \$664 (average for all state liquor stores was \$774)</p> <p><b>NOTE:</b> Retail sales increased 16.7% in 2006 and another 6% in 2007. With continued growth in the Snoqualmie Valley, sales are anticipated to continue increasing at approximately 8% per year.</p> <p>The decrease in 2008 sales is due to the store being closed for 4 months because of unidentified fumes. The store was then relocated temporarily to Snoqualmie, 3.6 miles west.</p>		<u>Retail Sales</u>	<u>Licensee Sales</u>	<u>Gross Sales</u>	FY2008	\$1,249,701	\$415,283	\$1,664,984	FY2007	\$2,111,775	\$675,249	\$2,787,024	FY2006	\$1,992,729	\$600,663	\$2,593,392
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FY2006	\$1,992,729	\$600,663	\$2,593,392														
<b><u>PROJECTED NET PROFIT</u></b>	<p>Profitability: FY08 = 8.3% Average profit for all state stores = 12.0%  FY07 = 10.8% Average profit for all state stores = 12.6%.</p> <p><b>NOTE:</b> Lease proposal = 6.9% without any sales increase (based on FY07 sales). With the growth in the area, however, sales are projected to increase by at least 8% per year.</p>																

**LEASING ACTIVITY**  
**11/01/08 through 04/30/09**

<u><b>RELOCATIONS</b></u>																	
<b>STORE #030</b>	<b>LOCATION: SHELTON</b> <span style="float: right;"><b>Opened 1/10/09</b></span> Store relocated to main thoroughfare in downtown Shelton.																
<b>Former Site</b>	<b>123 East Cota Street, Shelton</b> <span style="float: right;">5,312 sq. ft.</span> \$6,640.00 per month or \$15.00 per sq ft per yr Years 1-5																
<b>New Site</b>	<b>330 W. Railroad Avenue, Shelton</b> <span style="float: right;">5,000+ sq. ft.</span> \$7,000.00 per month or \$16.80 per sq ft per yr Years 1-2 \$7,500.00 per month or \$18.00 per sq ft per yr Years 3-5  Rent averages \$17.40 per sq ft per yr over the 5 year lease.																
<b><u>SALES HISTORY</u></b>	<p><b>Recent sales history for Store No. 030 is as follows:</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;"></th> <th style="width: 25%; text-align: center;"><u>Retail Sales</u></th> <th style="width: 25%; text-align: center;"><u>Licensee Sales</u></th> <th style="width: 30%; text-align: center;"><u>Gross Sales</u></th> </tr> </thead> <tbody> <tr> <td>FY2008</td> <td style="text-align: right;">\$2,896,042</td> <td style="text-align: right;">\$1,072,374</td> <td style="text-align: right;">\$3,968,416</td> </tr> <tr> <td>FY2007</td> <td style="text-align: right;">\$2,723,842</td> <td style="text-align: right;">\$1,004,345</td> <td style="text-align: right;">\$3,728,187</td> </tr> <tr> <td>FY2006</td> <td style="text-align: right;">\$2,570,653</td> <td style="text-align: right;">\$ 801,766</td> <td style="text-align: right;">\$3,372,419</td> </tr> </tbody> </table> <p>Sales/sq ft: FY08 = \$747 (average for all state liquor stores was \$828)            NOTE: Retail sales have averaged a 7.8% annual increase over the past 3 years and are anticipated to increase at the same rate in the new location.</p>		<u>Retail Sales</u>	<u>Licensee Sales</u>	<u>Gross Sales</u>	FY2008	\$2,896,042	\$1,072,374	\$3,968,416	FY2007	\$2,723,842	\$1,004,345	\$3,728,187	FY2006	\$2,570,653	\$ 801,766	\$3,372,419
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<b><u>PROJECTED NET PROFIT</u></b>	Profitability: FY08 = 13.6% <span style="margin-left: 50px;">Average profit for all state stores = 12.0%.</span>  NOTE: Relocation = 13.5% without any sales increase.																

**LEASING ACTIVITY**  
**11/01/08 through 04/30/09**

<u><b>RELOCATIONS</b></u>																	
<b>STORE #046</b>	<b>LOCATION: SEATTLE-6<sup>TH</sup> &amp; LENORA Licensee Sales Opened 5/11/09</b> Lease terminated for "licensee only" facility. New location will include retail as well as licensees.																
<b>Former Site</b>	<b>2105 – 6<sup>th</sup> Avenue, Seattle</b> <span style="float: right;">10,460 sq. ft.</span> \$23,265.00 per month or \$26.69 per sq ft per yr Years 1-10																
<b>New Site</b>	<b>2300 – 7<sup>th</sup> Avenue, Suite A, Seattle</b> <span style="float: right;">9,435 sq. ft.</span> \$23,000.00 per month or \$29.25 per sq ft per yr Years 1-3 \$24,557.00 per month or \$31.23 per sq ft per yr Years 4-6 \$26,376.00 per month or \$33.55 per sq ft per yr Years 7-10  Rent averages \$31.56 per sq ft per yr over the 10 year lease.																
<b><u>SALES HISTORY</u></b>	<p><b>Recent sales history for Store No. 046 is as follows:</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 25%; text-align: center;"><u>Retail Sales</u></th> <th style="width: 25%; text-align: center;"><u>Licensee Sales</u></th> <th style="width: 35%; text-align: center;"><u>Gross Sales</u></th> </tr> </thead> <tbody> <tr> <td>FY2008</td> <td style="text-align: right;">\$131,906</td> <td style="text-align: right;">\$20,449,480</td> <td style="text-align: right;">\$20,581,386</td> </tr> <tr> <td>FY2007</td> <td style="text-align: right;">\$122,458</td> <td style="text-align: right;">\$19,720,565</td> <td style="text-align: right;">\$19,843,023</td> </tr> <tr> <td>FY2006</td> <td style="text-align: right;">\$145,075</td> <td style="text-align: right;">\$18,399,624</td> <td style="text-align: right;">\$18,544,698</td> </tr> </tbody> </table>		<u>Retail Sales</u>	<u>Licensee Sales</u>	<u>Gross Sales</u>	FY2008	\$131,906	\$20,449,480	\$20,581,386	FY2007	\$122,458	\$19,720,565	\$19,843,023	FY2006	\$145,075	\$18,399,624	\$18,544,698
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<b><u>PROJECTED SALES &amp; NET PROFIT</u></b>	<p>Profitability: FY08 = 7.0%      Average profit for all state stores = 12.0%.</p> <p>Projected Net Profit: 8.8% in Year 1</p> <p>Based on conservative estimates of:            Projected retail sales: \$1.6 million in first year, increasing 5% annually            Projected licensee sales: \$20.5 million annually</p>																

**LEASING ACTIVITY**  
**11/01/08 through 04/30/09**

<u><b>RELOCATIONS</b></u>																					
<b>STORE #174</b>	<p><b>LOCATION: VASHON</b> <span style="float: right;"><b>Will Close 6/20/09</b></span>  <b>9730 SW Bank Road, Vashon</b>            A new contract store will open in Vashon on June 22, 2009. The financial assets of the state store will be relocated to a new site in Federal Way in September 2009 as Store #015.</p>																				
<b>Former Site</b>	<p style="text-align: right;">4,500 sq. ft.</p> <p>\$6,800.00 per month or \$18.13 per sq ft per yr Year 11</p>																				
<u><b>SALES HISTORY</b></u>	<p><b>Recent sales history for Store No. 174 is as follows:</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Retail Sales</u></th> <th style="text-align: center;"><u>Class H Sales</u></th> <th style="text-align: center;"><u>Gross Sales</u></th> </tr> </thead> <tbody> <tr> <td>FY2008</td> <td style="text-align: right;">\$1,467,454</td> <td style="text-align: right;">\$ 332,995</td> <td style="text-align: right;">\$1,800,449</td> </tr> <tr> <td>FY2007</td> <td style="text-align: right;">\$1,406,239</td> <td style="text-align: right;">\$ 315,503</td> <td style="text-align: right;">\$1,721,742</td> </tr> <tr> <td>FY2006</td> <td style="text-align: right;">\$1,368,377</td> <td style="text-align: right;">\$ 292,624</td> <td style="text-align: right;">\$1,661,001</td> </tr> </tbody> </table>		<u>Retail Sales</u>	<u>Class H Sales</u>	<u>Gross Sales</u>	FY2008	\$1,467,454	\$ 332,995	\$1,800,449	FY2007	\$1,406,239	\$ 315,503	\$1,721,742	FY2006	\$1,368,377	\$ 292,624	\$1,661,001				
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<b>STORE #015</b>	<p><b>FEDERAL WAY MARKETPLACE</b> <span style="float: right;"><b>To Open September 2009</b></span>  <b>34520 -16<sup>th</sup> Avenue S, Federal Way</b>            Building under construction near busy intersection in front of Wal-Mart – over 58,000 cars per day.</p>																				
<b>New Site</b>	<p style="text-align: right;">5,528 sq. ft.</p> <p>\$13,704.83 per month or \$29.75 per sq ft per yr Years 1-3            \$15,202.00 per month or \$33.00 per sq ft per yr Years 4-6            \$16,584.00 per month or \$36.00 per sq ft per yr Years 7-10</p> <p>Rent averages \$33.23 per sq ft per yr over the 10 year lease.</p>																				
<u><b>SALES AT NEARBY STORES – NEW SITE</b></u>	<p><b>Sales history for stores near Federal Way location:</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th><u>FY2008</u></th> <th style="text-align: center;"><u>Retail Sales</u></th> <th style="text-align: center;"><u>Class H Sales</u></th> <th style="text-align: center;"><u>Gross Sales</u></th> </tr> </thead> <tbody> <tr> <td>Store #112</td> <td style="text-align: right;">\$5,127,114</td> <td style="text-align: right;">\$1,663,859</td> <td style="text-align: right;">\$6,790,973</td> </tr> <tr> <td>Store #156</td> <td style="text-align: right;">\$3,709,948</td> <td style="text-align: right;">\$ 718,823</td> <td style="text-align: right;">\$4,428,771</td> </tr> <tr> <td>Store #111</td> <td style="text-align: right;">\$2,032,132</td> <td style="text-align: right;">\$2,550,101</td> <td style="text-align: right;">\$4,582,233</td> </tr> <tr> <td>Store #052</td> <td style="text-align: right;">\$2,939,180</td> <td style="text-align: right;">\$ 772,212</td> <td style="text-align: right;">\$3,711,392</td> </tr> </tbody> </table>	<u>FY2008</u>	<u>Retail Sales</u>	<u>Class H Sales</u>	<u>Gross Sales</u>	Store #112	\$5,127,114	\$1,663,859	\$6,790,973	Store #156	\$3,709,948	\$ 718,823	\$4,428,771	Store #111	\$2,032,132	\$2,550,101	\$4,582,233	Store #052	\$2,939,180	\$ 772,212	\$3,711,392
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<u><b>PROJECTED SALES &amp; NET PROFIT</b></u>	<p>Proposed location- Retail sales are projected at \$2.3 million per year initially with licensee sales of approximately \$350,000, increasing at 8% per year.</p> <p>Profitability – 14.2% for the first year. All stores FY2008 – 12%</p>																				

**LEASING ACTIVITY**  
**11/01/08 through 04/30/09**

<u><b>RELOCATIONS</b></u>																	
<b>STORE #192</b>	<b>LOCATION: KIRKLAND-ROSE HILL</b> <b>To Open: September 2009</b> <b>12402 NE 85<sup>th</sup> Street, Suite 101, Kirkland</b> Busy corridor between Redmond and I-405 – over 41,000 cars per day																
<b>New Rent</b>	<p align="right">5,050 sq. ft.</p> \$12,309.38 per month or \$29.25 per sq ft per yr    Years 1-3 \$13,256.25 per month or \$31.50 per sq ft per yr    Years 4-6 \$14,203.13 per month or \$33.75 per sq ft per yr    Years 7-10  Rent averages \$31.73 per sq ft per yr over the 10 year lease.																
<b><u>SALES AT NEARBY STORES – NEW SITE</u></b>	<b>Recent sales history for nearby stores is as follows:</b> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>FY2008</u></th> <th style="text-align: left;"><u>Retail Sales</u></th> <th style="text-align: left;"><u>Class H Sales</u></th> <th style="text-align: left;"><u>Gross Sales</u></th> </tr> </thead> <tbody> <tr> <td>Store #057</td> <td>\$3,803,286</td> <td>\$2,028,240</td> <td>\$5,831,526</td> </tr> <tr> <td>Store #033</td> <td>\$5,619,166</td> <td>\$1,195,476</td> <td>\$6,814,642</td> </tr> <tr> <td>Store #155</td> <td>\$4,390,016</td> <td>\$1,561,354</td> <td>\$5,951,370</td> </tr> </tbody> </table>	<u>FY2008</u>	<u>Retail Sales</u>	<u>Class H Sales</u>	<u>Gross Sales</u>	Store #057	\$3,803,286	\$2,028,240	\$5,831,526	Store #033	\$5,619,166	\$1,195,476	\$6,814,642	Store #155	\$4,390,016	\$1,561,354	\$5,951,370
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<b><u>PROJECTED SALES &amp; NET PROFIT</u></b>	Retail sales are projected at \$2.3 million per year initially with licensee sales of approximately \$300,000, increasing at 8% per year.  Profitability - 14.6%                                      All stores FY2008 – 12%																

**LEASING ACTIVITY**  
**11/01/08 through 04/30/09**

<u><b>RENEWALS</b></u>																	
<b>STORE #154</b>	<b>LOCATION: PUYALLUP-SUMMIT CANYON</b> <span style="float: right;"><b>Renewed 5/1/09</b></span> <b>10417 Canyon Road East, Puyallup</b> Expanded and totally renovated store – Closed 2 months																
<b>Former Rent</b>	<div style="text-align: right;">4,088 sq. ft.</div> \$5,000.00 per month or \$14.68 per sq ft per yr Years 1-10																
<b>New Rent</b>	<div style="text-align: right;">6,552 sq. ft.</div> \$11,466.00 per month or \$21.00 per sq ft per yr Years 1-5 \$13,650.00 per month or \$25.00 per sq ft per yr Years 6-10  Rent averages \$23.00 per sq ft per yr over the 10 year lease.																
<b><u>SALES HISTORY</u></b>	<p><b>Recent sales history for Store No. 154 is as follows:</b></p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 25%; text-align: center;"><u>Retail Sales</u></th> <th style="width: 25%; text-align: center;"><u>Class H Sales</u></th> <th style="width: 35%; text-align: center;"><u>Gross Sales</u></th> </tr> </thead> <tbody> <tr> <td>FY2008</td> <td style="text-align: right;">\$2,799,883</td> <td style="text-align: right;">\$ 455,947</td> <td style="text-align: right;">\$3,255,830</td> </tr> <tr> <td>FY2007</td> <td style="text-align: right;">\$2,671,283</td> <td style="text-align: right;">\$ 514,347</td> <td style="text-align: right;">\$3,185,630</td> </tr> <tr> <td>FY2006</td> <td style="text-align: right;">\$2,749,027</td> <td style="text-align: right;">\$ 602,355</td> <td style="text-align: right;">\$3,351,382</td> </tr> </tbody> </table> <p>Sales/sq ft: FY08 = \$796 (average for all state liquor stores was \$828)</p> <p>NOTE: Sales are anticipated to increase further as population in the area increases,</p>		<u>Retail Sales</u>	<u>Class H Sales</u>	<u>Gross Sales</u>	FY2008	\$2,799,883	\$ 455,947	\$3,255,830	FY2007	\$2,671,283	\$ 514,347	\$3,185,630	FY2006	\$2,749,027	\$ 602,355	\$3,351,382
	<u>Retail Sales</u>	<u>Class H Sales</u>	<u>Gross Sales</u>														
FY2008	\$2,799,883	\$ 455,947	\$3,255,830														
FY2007	\$2,671,283	\$ 514,347	\$3,185,630														
FY2006	\$2,749,027	\$ 602,355	\$3,351,382														
<b><u>PROJECTED NET PROFIT</u></b>	Profitability: FY08 = 14.5% Average profit for all state stores = 12%.  NOTE: Lease renewal with expansion = 12.0% without any sales increase																

**LEASING ACTIVITY**  
**11/01/08 through 04/30/09**

<u><b>RENEWALS</b></u>																	
<b>STORE #079</b>	<b>LOCATION: MILL CREEK</b> <span style="float: right;"><b>Renewed 2/1/09</b></span> <b>800 C – 164<sup>th</sup> Street SE</b>																
<b>Former Rent</b>	<p style="text-align: right;">4,765 sq. ft.</p> \$7,147.50 per month or \$18.00 per sq ft per yr Years 1-2 \$7,743.12 per month or \$19.50 per sq ft per yr Years 3-5 \$8,904.60 per month or \$22.43 per sq ft per yr Years 6-7																
<b>Proposed Rent</b>	<p style="text-align: right;">4,765 sq. ft.</p> \$10,500.00 per month or \$26.44 per sq ft per yr Years 1-3 \$11,200.00 per month or \$28.21 per sq ft per yr Years 4-6 \$12,000.00 per month or \$30.22 per sq ft per yr Years 7-10  Rent averages \$28.48 per sq ft per yr over the 10 year lease.																
<b><u>SALES HISTORY</u></b>	<p><b>Recent sales history for Store No. 079 is as follows:</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 25%; text-align: center;"><u>Retail Sales</u></th> <th style="width: 25%; text-align: center;"><u>Class H Sales</u></th> <th style="width: 35%; text-align: center;"><u>Gross Sales</u></th> </tr> </thead> <tbody> <tr> <td>FY2008</td> <td style="text-align: right;">\$3,624,254</td> <td style="text-align: right;">\$ 769,996</td> <td style="text-align: right;">\$4,394,250</td> </tr> <tr> <td>FY2007</td> <td style="text-align: right;">\$4,023,715</td> <td style="text-align: right;">\$ 872,956</td> <td style="text-align: right;">\$4,896,671</td> </tr> <tr> <td>FY2006</td> <td style="text-align: right;">\$3,833,939</td> <td style="text-align: right;">\$1,028,793</td> <td style="text-align: right;">\$4,862,732</td> </tr> </tbody> </table> <p>Sales/sq ft: FY08 = \$879 (average for all state liquor stores was \$828)</p> <p><b>NOTE:</b> As predicted, the October 2007 opening of the new Store #073 at Seattle Hill Road affected sales at Mill Creek to provide some relief from overcrowding.</p>		<u>Retail Sales</u>	<u>Class H Sales</u>	<u>Gross Sales</u>	FY2008	\$3,624,254	\$ 769,996	\$4,394,250	FY2007	\$4,023,715	\$ 872,956	\$4,896,671	FY2006	\$3,833,939	\$1,028,793	\$4,862,732
	<u>Retail Sales</u>	<u>Class H Sales</u>	<u>Gross Sales</u>														
FY2008	\$3,624,254	\$ 769,996	\$4,394,250														
FY2007	\$4,023,715	\$ 872,956	\$4,896,671														
FY2006	\$3,833,939	\$1,028,793	\$4,862,732														
<b><u>PROJECTED NET PROFIT</u></b>	Profitability: FY08 = 12.8%    Average profit for all state stores = 12%.  <b>NOTE:</b> Lease renewal = 12.4% without any sales increase																

**LEASING ACTIVITY**  
**11/01/08 through 04/30/09**

<u>REMODEL</u>																	
<b>STORE #110</b>	<b>LOCATION: LACEY</b> <span style="float: right;"><b>Renewal Date: 7/01/08</b></span> <b>720 Sleater Kinney Road, Suite J</b> Store was closed for 6 weeks for major renovation. Now re-opened.																
<b>Former Rent</b>	5,262 sq. ft.																
	\$ 6,358.25 per month or \$14.50 per sq ft per yr Years 1-5 \$ 7,235.25 per month or \$16.50 per sq ft per yr Years 6-10																
<b>New Rent</b>	\$ 9,647.00 per month or \$22.00 per sq ft per yr Years 1-3 \$10,611.70 per month or \$24.20 per sq ft per yr Years 4-6 \$11,672.87 per month or \$26.62 per sq ft per yr Years 7-10  Rent averages \$24.51 per sq ft per yr over the 10 year lease.																
<b><u>SALES HISTORY</u></b>	<b>Recent sales history for Store No. 110 is as follows:</b>  <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Retail Sales</u></th> <th style="text-align: center;"><u>Licensee Sales</u></th> <th style="text-align: center;"><u>Gross Sales</u></th> </tr> </thead> <tbody> <tr> <td>FY2008</td> <td style="text-align: right;">\$4,676,410</td> <td style="text-align: right;">\$ 934,224</td> <td style="text-align: right;">\$5,610,634</td> </tr> <tr> <td>FY2007</td> <td style="text-align: right;">\$4,311,663</td> <td style="text-align: right;">\$ 976,479</td> <td style="text-align: right;">\$5,288,142</td> </tr> <tr> <td>FY2006</td> <td style="text-align: right;">\$4,314,014</td> <td style="text-align: right;">\$1,098,905</td> <td style="text-align: right;">\$5,412,919</td> </tr> </tbody> </table> <p>Sales/sq ft: FY08 = \$1,066 (average for all state liquor stores was \$828)</p> <p>NOTE: After a slight dip in retail sales during FY2007, which can be attributed to the opening of new Store #190 at Hawks Prairie, retail sales increased 8% in FY2008 and are anticipated to increase at a similar rate with the continuing population growth in Lacey.</p>		<u>Retail Sales</u>	<u>Licensee Sales</u>	<u>Gross Sales</u>	FY2008	\$4,676,410	\$ 934,224	\$5,610,634	FY2007	\$4,311,663	\$ 976,479	\$5,288,142	FY2006	\$4,314,014	\$1,098,905	\$5,412,919
	<u>Retail Sales</u>	<u>Licensee Sales</u>	<u>Gross Sales</u>														
FY2008	\$4,676,410	\$ 934,224	\$5,610,634														
FY2007	\$4,311,663	\$ 976,479	\$5,288,142														
FY2006	\$4,314,014	\$1,098,905	\$5,412,919														
<b><u>PROJECTED NET PROFIT</u></b>	Profitability: FY08 = 14.6%      Average profit for all state stores = 12.0%.  NOTE: Lease renewal = 14.2% before any anticipated sales increase																

**LEASING ACTIVITY**  
**11/01/08 through 04/30/09**

<u><b>REMODEL</b></u>																	
<b>STORE #120</b>	<b>LOCATION: BELLEVUE - OVERLAKE</b> <b>Renewal Date: 7/01/08</b> <b>14315 NE 20<sup>th</sup> Street</b>																
<b>Former Rent</b>	5,400 sq. ft. \$ 8,100.00 per month or \$18.00 per sq ft per yr – Years 1-5																
<b>New Rent</b>	\$11,300.00 per month or \$25.08 per sq ft per yr – Years 1-2 \$12,300.00 per month or \$27.36 per sq ft per yr – Years 3-4 \$13,400.00 per month or \$29.76 per sq ft per yr – Years 5-6 \$14,600.00 per month or \$32.40 per sq ft per yr – Years 7-8 \$15,900.00 per month or \$35.28 per sq ft per yr – Years 9-10  Rent averages \$29.98 per sq ft per yr over the 10 year lease.																
<u><b>SALES HISTORY</b></u>	<b>Recent sales history for Store No.120 is as follows:</b>  <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;"></th> <th style="width: 25%; text-align: center;"><u>Retail Sales</u></th> <th style="width: 25%; text-align: center;"><u>Licensee Sales</u></th> <th style="width: 30%; text-align: center;"><u>Gross Sales</u></th> </tr> </thead> <tbody> <tr> <td>FY2008</td> <td style="text-align: right;">\$3,487,620</td> <td style="text-align: right;">\$917,931</td> <td style="text-align: right;">\$4,405,551</td> </tr> <tr> <td>FY2007</td> <td style="text-align: right;">\$3,327,569</td> <td style="text-align: right;">\$854,205</td> <td style="text-align: right;">\$4,181,774</td> </tr> <tr> <td>FY2006</td> <td style="text-align: right;">\$3,196,411</td> <td style="text-align: right;">\$806,172</td> <td style="text-align: right;">\$4,002,583</td> </tr> </tbody> </table> <p>Sales/sq ft:    FY08 = \$816 (average for all state liquor stores was \$828)</p> <p>NOTE:        Sales have averaged a 5.2% increase annually over the past 4 years and are anticipated to continue increasing at a rate of 4%-5% per year.</p>		<u>Retail Sales</u>	<u>Licensee Sales</u>	<u>Gross Sales</u>	FY2008	\$3,487,620	\$917,931	\$4,405,551	FY2007	\$3,327,569	\$854,205	\$4,181,774	FY2006	\$3,196,411	\$806,172	\$4,002,583
	<u>Retail Sales</u>	<u>Licensee Sales</u>	<u>Gross Sales</u>														
FY2008	\$3,487,620	\$917,931	\$4,405,551														
FY2007	\$3,327,569	\$854,205	\$4,181,774														
FY2006	\$3,196,411	\$806,172	\$4,002,583														
<u><b>PROJECTED NET PROFIT</b></u>	Profitability:    FY08 = 12.2%      Average profit for all state stores = 12.0%.  NOTE:            Lease renewal = 11.3% before any anticipated sales increase.																

**LEASING ACTIVITY**  
**11/01/08 through 04/30/09**

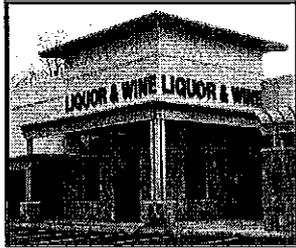
<b><u>REMODELS</u></b>																	
<b>STORE #083</b>	<b>LOCATION: SEATTLE – MAGNOLIA</b> <b>Renewal Date: 7/01/08</b> <b>3310 W. McGraw Street</b>																
<b>Former Rent</b>	<div style="text-align: right;">5,026 sq. ft.</div> \$6,282.50 per month or \$15.00 per sq ft per yr – Years 1-5 \$7,120.17 per month or \$17.00 per sq ft per yr – Years 6-10																
<b>New Rent</b>	\$11,308.50 per month or \$27.00 per sq ft per yr – Years 1-2 \$11,728.00 per month or \$28.00 per sq ft per yr – Years 3-5 \$12,565.00 per month or \$30.00 per sq ft per yr – Years 6-8 \$13,403.00 per month or \$32.00 per sq ft per yr - Years 9-10  Rent averages \$29.20 per sq ft per yr over the 10 year lease.																
<b><u>SALES HISTORY</u></b>	<p><b>Recent sales history for Store No. 083 is as follows:</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 25%; text-align: center;"><u>Retail Sales</u></th> <th style="width: 25%; text-align: center;"><u>Licensee Sales</u></th> <th style="width: 35%; text-align: center;"><u>Gross Sales</u></th> </tr> </thead> <tbody> <tr> <td>FY2008</td> <td style="text-align: right;">\$2,046,670</td> <td style="text-align: right;">\$375,550</td> <td style="text-align: right;">\$2,422,220</td> </tr> <tr> <td>FY2007</td> <td style="text-align: right;">\$1,963,167</td> <td style="text-align: right;">\$388,856</td> <td style="text-align: right;">\$2,352,023</td> </tr> <tr> <td>FY2006</td> <td style="text-align: right;">\$1,907,828</td> <td style="text-align: right;">\$476,543</td> <td style="text-align: right;">\$2,384,371</td> </tr> </tbody> </table> <p>Sales/sq ft:    FY08 = \$482 (average for all state liquor stores was \$828)</p> <p>NOTE:        Retail sales have averaged approximately 3% growth per year and are anticipated to maintain that growth rate.</p>		<u>Retail Sales</u>	<u>Licensee Sales</u>	<u>Gross Sales</u>	FY2008	\$2,046,670	\$375,550	\$2,422,220	FY2007	\$1,963,167	\$388,856	\$2,352,023	FY2006	\$1,907,828	\$476,543	\$2,384,371
	<u>Retail Sales</u>	<u>Licensee Sales</u>	<u>Gross Sales</u>														
FY2008	\$2,046,670	\$375,550	\$2,422,220														
FY2007	\$1,963,167	\$388,856	\$2,352,023														
FY2006	\$1,907,828	\$476,543	\$2,384,371														
<b><u>PROJECTED NET PROFIT</u></b>	Profitability:    FY08 = 7.0%      Average profit for all state stores = 12.0%.  NOTE:        Lease renewal = 5.0% without any sales increase.																

**LEASING ACTIVITY**  
**11/01/08 through 04/30/09**

	<u>REMODEL</u>																
<b>STORE #172</b>	<b>LOCATION: ARLINGTON-SMOKEY POINT      Renewal Date: 9/01/08</b> <b>3704 – 172<sup>ND</sup> Street NE, Suite G, Arlington</b>																
<b>Former Rent</b>	4,550 sq. ft. \$ 5,308.00 per month or \$14.00 per sq ft per yr – Years 1-5 \$ 6,066.67 per month or \$16.00 per sq ft per yr – Years 6-10																
<b>New Rent</b>	\$ 7,621.25 per month or \$20.10 per sq ft per yr – Years 1-5 \$ 8,095.21 per month or \$21.35 per sq ft per yr – Years 6-10  Rent averages \$20.73 per sq ft per yr over the 10 year lease.																
<b><u>SALES HISTORY</u></b>	<p><b>Recent sales history for Store No. 172 is as follows:</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Retail Sales</u></th> <th style="text-align: center;"><u>Licensee Sales</u></th> <th style="text-align: center;"><u>Gross Sales.</u></th> </tr> </thead> <tbody> <tr> <td>FY2008</td> <td style="text-align: right;">\$2,587,030</td> <td style="text-align: right;">\$ 916,901</td> <td style="text-align: right;">\$3,503,931</td> </tr> <tr> <td>FY2007</td> <td style="text-align: right;">\$2,491,483</td> <td style="text-align: right;">\$ 865,623</td> <td style="text-align: right;">\$3,357,106</td> </tr> <tr> <td>FY2006</td> <td style="text-align: right;">\$2,352,291</td> <td style="text-align: right;">\$ 777,230</td> <td style="text-align: right;">\$3,129,521</td> </tr> </tbody> </table> <p>Sales/sq ft:    FY08 = \$770 (average for all state liquor stores was \$828)</p> <p>NOTE:        Retail sales are increasing at approximately 5% per year and are anticipated to continue at the same rate with steady growth in the area.</p>		<u>Retail Sales</u>	<u>Licensee Sales</u>	<u>Gross Sales.</u>	FY2008	\$2,587,030	\$ 916,901	\$3,503,931	FY2007	\$2,491,483	\$ 865,623	\$3,357,106	FY2006	\$2,352,291	\$ 777,230	\$3,129,521
	<u>Retail Sales</u>	<u>Licensee Sales</u>	<u>Gross Sales.</u>														
FY2008	\$2,587,030	\$ 916,901	\$3,503,931														
FY2007	\$2,491,483	\$ 865,623	\$3,357,106														
FY2006	\$2,352,291	\$ 777,230	\$3,129,521														
<b><u>PROJECTED NET PROFIT</u></b>	<p>Profitability:    FY08 = 12.6%      Average profit for all state stores = 12.0%.</p> <p>NOTE:            Lease renewal = 12.1% without any sales increase</p>																

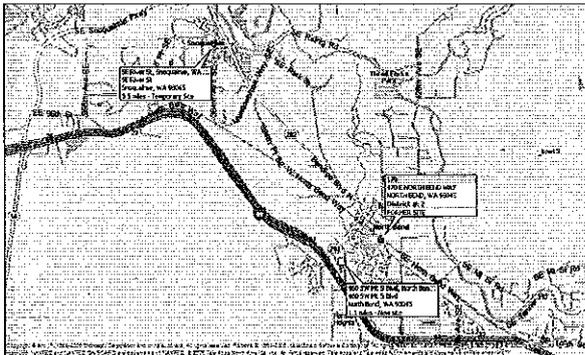
## Store Leasing Update May 2009

- Relocations
- Renewals
- Remodels



## Relocations

### Store 179 North Bend - Relocation



### Store 179 North Bend - Relocation



## Store 179 North Bend - Relocation



## Store 179 North Bend - Relocation

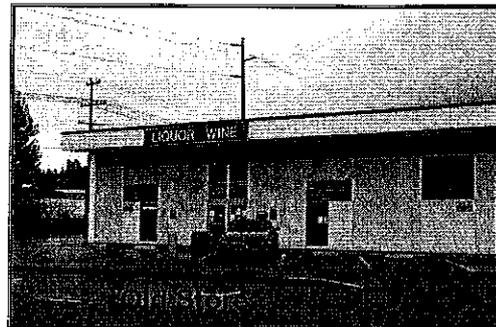


STORE #179 New Site	LOCATION: NORTH BEND	Opened 11/14/08
	New addition in Safeway-anchored Mountain Valley Center	
	320 SW M. St Boulevard, North Bend	5,546 sq. ft.
	\$13,665.00 per month or \$30.00 per sq ft per yr	Years 1-3
	\$16,251.00 per month or \$33.00 per sq ft per yr	Years 4-6
	\$18,638.00 per month or \$36.00 per sq ft per yr	Years 7-10

## Store 30 – Shelton -Relocation



## Store 30 – Shelton - Relocation



### Store 30 – Shelton - Relocation

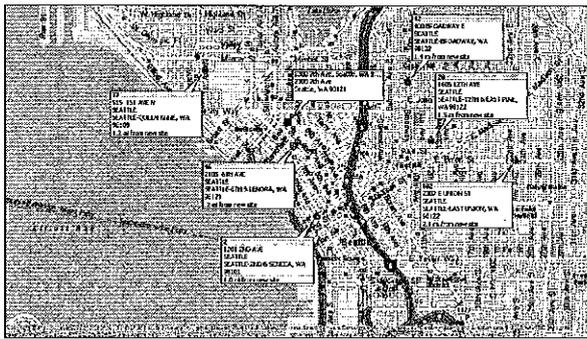


### Store 30 – Shelton - Relocation



<b>STORE #030</b>	<b>LOCATION: SHELTON</b>	<b>Opened 1/10/09</b>
	Relocated to main thoroughfare in downtown Shelton.	
Former Site	123 East Cota Street, Shelton \$6,640.00 per month or \$15.00 per sq ft per yr Years 1-5	5,312 sq. ft.
New Site	330 W. Railroad Avenue, Shelton \$7,000.00 per month or \$18.80 per sq ft per yr Years 1-2 \$7,500.00 per month or \$18.00 per sq ft per yr Years 3-5	5,000+ sq. ft.

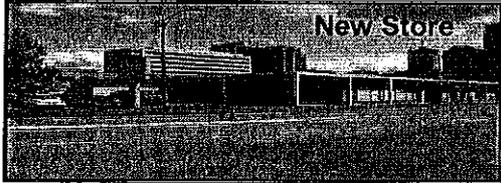
### Store 46 – Seattle - Relocation



### Store 46 – Seattle - Relocation

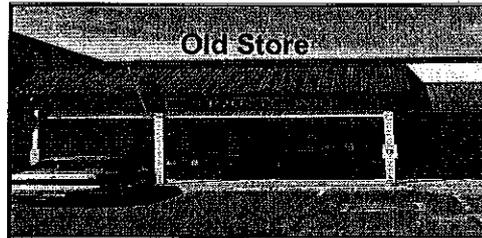


### Store 46 – Seattle - Relocation



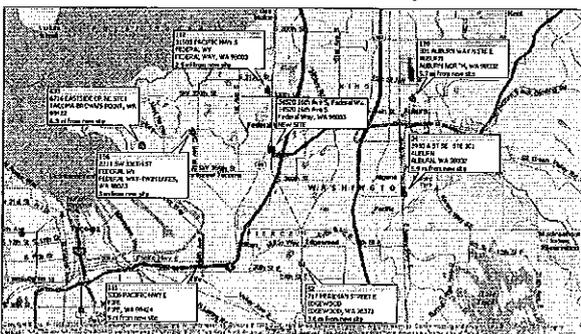
<b>STORE #046</b>	<b>LOCATION: SEATTLE-6<sup>TH</sup> &amp; LENORA</b>	<b>Class H Opened 5/11/09</b>
Lease terminated for "licensee only" facility. New location will include retail as well as licensee.		
<b>Former Site</b>	2105 – 6 <sup>th</sup> Avenue, Seattle	10,460 sq. ft. \$23,265.00 per month or \$26.69 per sq ft per yr Years 1-10
<b>New Site</b>	2300 – 7 <sup>th</sup> Avenue, Suite A, Seattle	9,435 sq. ft. \$23,000.00 per month or \$28.25 per sq ft per yr Years 1-3 \$24,567.00 per month or \$31.23 per sq ft per yr Years 4-6 \$26,376.00 per month or \$33.55 per sq ft per yr Years 7-10

### Store 174 Vashon - Relocation

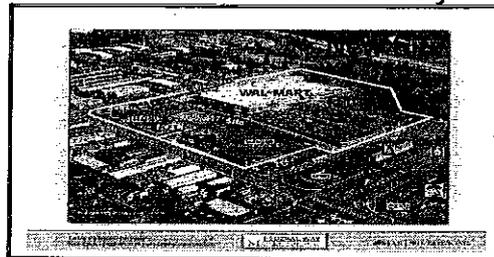


<b>STORE #174</b>	<b>LOCATION: Vashon</b>	<b>Will Close 6-20-09</b>
This store in Vashon will relocate to Federal Way. A new contract store will replace it in Vashon opening June 22, 2009.		
<b>Former Site</b>	9730 SW Bank Road, Vashon	4,500 sq. ft. \$ 6,800.00 per month or \$18.13 per sq ft per yr Year 11

### Store 174 Vashon – Relocation to Federal Way

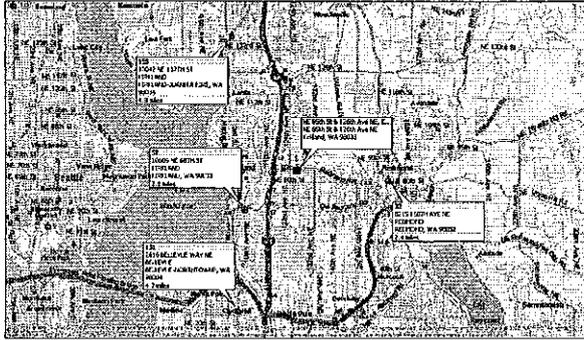


### Store #15 Federal Way

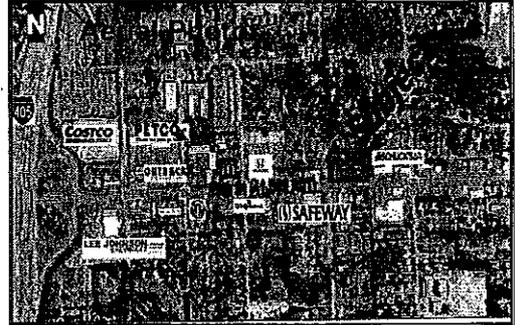


<b>STORE #015</b>	<b>Federal Way Marketplace</b>	<b>5,528 sq. ft.</b>
<b>New Site</b>	\$13,704.83 per month or \$29.75 per sq ft per yr Years 1-3 \$15,202.00 per month or \$33.00 per sq ft per yr Years 4-6 \$16,584.00 per month or \$36.00 per sq ft per yr Years 7-10	

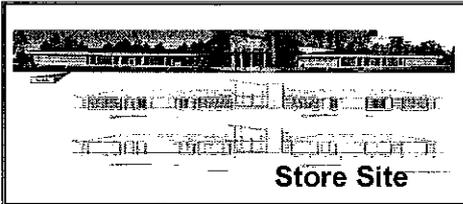
### Store 192 Kirkland - New Store



### Store 192 Kirkland - New Store



### Store 192 Kirkland - New Store



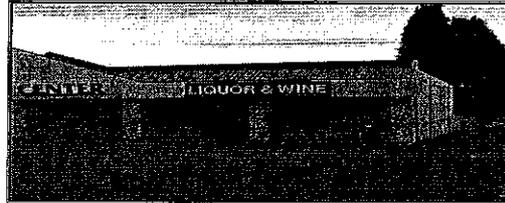
<b>STORE #192</b>	<b>LOCATION: KIRKLAND-ROSE HILL</b>	<b>To Open: June 09</b>
<b>New Site</b>	<b>12402 NE 85<sup>th</sup> Street, Suite 101, Kirkland</b>	<b>5,050 sq. ft.</b>
	\$12,309.38 per month or \$29.25 per sq ft per yr Years 1-3	
	\$13,256.25 per month or \$31.50 per sq ft per yr Years 4-6	
	\$14,203.13 per month or \$33.75 per sq ft per yr Years 7-10	

# Renewals

### Store 154 - Puyallup - Renewal



### Store 154 - Puyallup - Renewal



STORE #154	LOCATION: PUYALLUP-SUMMIT CANYON 10417 Canyon Road East, Puyallup Expanded from 4,088 square feet to 6,652 square feet.	Renewed 05/01/09
Former Rent	\$ 5,000.00 per month or \$14.68 per sq. ft. per year for 10 years	4,088 sq. ft.
New Rent	\$11,468.00 per month or \$21.00 per sq. ft. per year Years 1-6 \$13,660.00 per month or \$25.00 per sq. ft. per year Years 6-10	6,652 sq. ft.

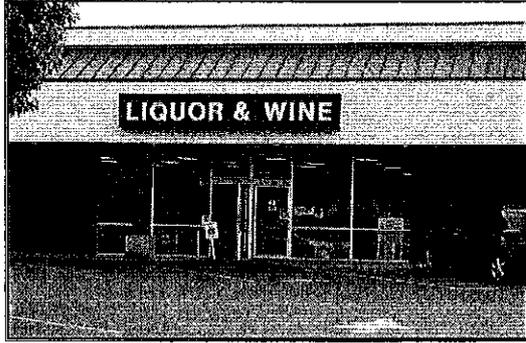
### Store 79 Mill Creek - Renewal



STORE #079	LOCATION: Mill Creek 800 C - 164 <sup>th</sup> Street SE	Renewed 2/1/09
Former Rent	\$ 6,904.80 per month or \$22.43 per sq ft per yr	4,765 sq. ft.
New Rent	\$10,500.00 per month or \$26.44 per sq ft per yr Years 1-3 \$11,200.00 per month or \$28.21 per sq ft per yr Years 4-6 \$12,000.00 per month or \$30.22 per sq ft per yr Years 7-10	4,765 sq. ft.

## Remodels

Store 110 Lacey - Remodel



Store 110 Lacey - Remodel



Store 110 Lacey - Remodel

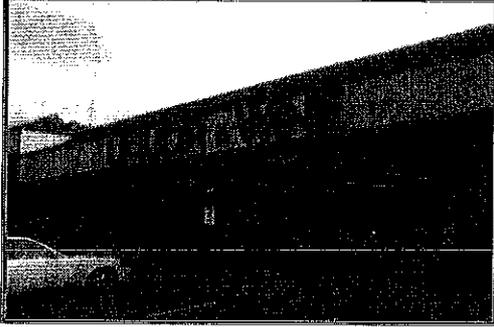


STORE #110	LOCATION: LACEY	Renewal Date: 7/01/08
Former Rent	720 Sleater Kinney Road, Suite J. 5,282 sq. ft. \$ 6,358.25 per month or \$14.50 per sq ft per yr - Years 1-5 \$ 7,235.25 per month or \$16.50 per sq ft per yr - Years 6-10	
Now Rent	\$ 9,647.00 per month or \$22.00 per sq ft per yr - Years 1-3 \$10,611.70 per month or \$24.20 per sq ft per yr - Years 4-6 \$11,672.87 per month or \$26.62 per sq ft per yr - Years 7-10	

Store 110 Lacey – Remodel  
Lottery Layout



Store 120 – Bellevue - Remodel



Store 120 – Bellevue - Remodel

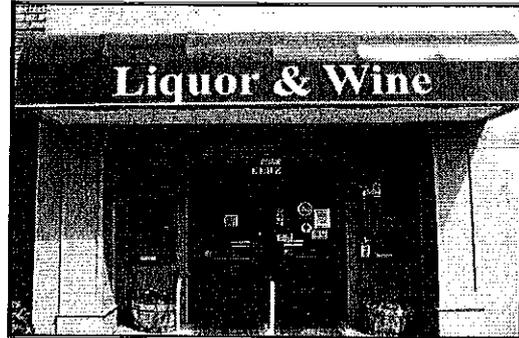


Store 120 – Bellevue - Remodel

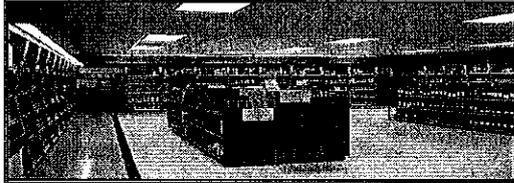


STORE #120	LOCATION: BELLEVUE - OVERLAKE	Renewal Date: 7/01/08
Former Rent	14315 NE 20 <sup>th</sup> Street, \$ 8,100.00 per month or \$18.00 per sq ft per yr – Years 1-5	5,400 sq. ft.
New Rent	\$11,300.00 per month or \$25.68 per sq ft per yr – Years 1-2	
	\$12,300.00 per month or \$27.38 per sq ft per yr – Years 3-4	
	\$13,400.00 per month or \$29.76 per sq ft per yr – Years 5-6	
	\$14,600.00 per month or \$32.40 per sq ft per yr – Years 7-8	
	\$15,900.00 per month or \$35.28 per sq ft per yr – Years 9-10	

Store 83 –Magnolia - Remodel

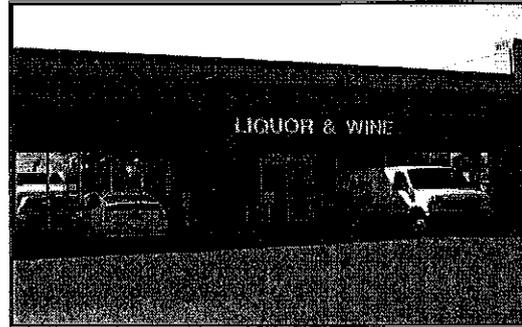


### Store 83 –Magnolia - Remodel

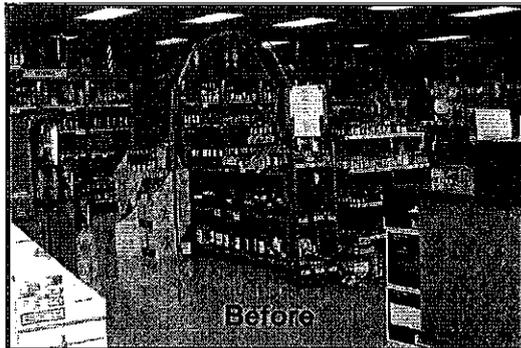


<b>STORE #083</b>	<b>LOCATION: SEATTLE – MAGNOLIA</b>	<b>Renewed 7/01/08</b>
<b>Former Rent</b>	<b>3310 W. McGraw Street</b>	<b>5,026 sq. ft.</b>
	\$ 6,282.50 per month or \$15.00 per sq ft per yr – Years 1-5	
	\$ 7,120.17 per month or \$17.00 per sq ft per yr – Years 6-10	
<b>New Rent</b>	\$11,308.50 per month or \$27.00 per sq ft per yr – Years 1-2	
	\$11,728.00 per month or \$28.00 per sq ft per yr – Years 3-5	
	\$12,585.00 per month or \$30.00 per sq ft per yr – Years 6-8	
	\$13,493.00 per month or \$32.00 per sq ft per yr – Years 9-10	

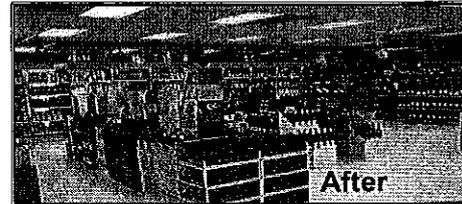
### Store 172 – Arlington - Remodel



### Store 172 – Arlington - Remodel



### Store 172 – Arlington - Remodel



<b>STORE #172</b>	<b>LOCATION: ARLINGTON-SMOKEY POINT</b>	<b>Renewal Date: 9/01/08</b>
<b>Former Rent</b>	<b>3704 – 172<sup>nd</sup> Street NE, Suite G, Arlington</b>	<b>4,550 sq. ft.</b>
	\$ 5,308.00 per month or \$14.00 per sq ft per yr – Years 1-5	
	\$ 6,066.67 per month or \$16.00 per sq ft per yr – Years 6-10	
<b>New Rent</b>	\$ 7,021.25 per month or \$20.10 per sq ft per yr – Years 1-5	
	\$ 8,095.21 per month or \$21.35 per sq ft per yr – Years 6-10	

Thank You

WASHINGTON STATE LIQUOR CONTROL BOARD

INTEROFFICE CORRESPONDENCE

Date: June 3, 2009

To: Chairman Lorraine Lee  
Board Member Roger Hoen  
Board Member Ruthann Kurose

From: Steve Burnell, Marketing Manager

Subject: POTENTIAL 2009 HOLIDAY ONE-TIME-ONLY LISTINGS

The 32 items on the attached list were selected by staff in Purchasing and Retail divisions as potential one-time-only items for the 2009 Holiday season.

I recommend that the Board approve listing these 32 items as Holiday One-Time-Only items.

FOR BOARD APPROVAL:

6/3/09  
DATE

Lorraine Lee

Roger Hoen

Ruthann Kurose

ma

attachment

cc: Pat Kohler

Pat McLaughlin

Debi Besser

John Redal

Randy Simmons

Meagan Renick

Kelly Higbee

Cindy Doughty

Robin Hall

Kim Ward

Casey Walker

Lacinda Thomas

Frances Munez-Carter

Gary Hacker

<u>Supplier</u>	<u>Brand Code</u>	<u>Description</u>	<u>Size</u>	<u>Retail</u>
E&J Gallo Winery	80045	E&J Cask & Cream Chocolate Temptation	750ml	\$12.95
Franklin Distillers	65176	Holly Toddy Rum & Brandy	750ml	\$11.45
Brown Forman Corp.	960	JD Single Barrel Ducks Unlimited w/tin & glasses	750ml	\$45.95
Clear Creek Distillery		Clear Creek Cranberry Liqueur	750ml	\$29.95
Odom Corporation	201950	Graceland Cellars Party Pack	750ml	\$24.99
Acme Beverage	325050	Nurnberger Markt Gluhwein	Ltr.	\$6.99
Heaven Hill Distilleries	59100	Evan Williams Egg Nog	750ml	\$10.45
Charles Jacquin et Cie, Inc.	2525	Pennsylvania Dutch Brandied Apple Cider Gift	200ml	\$3.60
Charles Jacquin et Cie, Inc.	61618	Pennsylvania Dutch Egg Nog	1.75L	\$14.95
Charles Jacquin et Cie, Inc.	61616	Pennsylvania Dutch Egg Nog	750ml	\$6.95
MS Walker Inc.	62806	Old New England Egg Nog	750ml	\$10.45
MS Walker Inc.	62808	Old New England Egg Nog	1.75L	\$16.35
Heaven Hill Distilleries	2229	Christian Bros. Holiday Nog	750ml	\$10.45
Turin	950206	Bailey's Irish Cream Liqueur filled milk chocolates	2.1 oz	\$2.60
Turin	950216	Grand Marnier Liqueur Filled chocolates	2.1 oz	\$2.60
Turin	950204	Jack Daniel's Liqueur Filled dark chocolates	2.1 oz	\$2.60
Turin	950131	Jose Cuervo Tequila liqueur filled dark chocolates	2.1 oz	\$2.60
Turin	950205	Malibu Coconut Rum liqueur filled dark chocolates	2.1 oz	\$2.60
Turin	950132	Kahlua Liqueur filled milk chocolates	2.1 oz	\$2.60
Turin	950215	Turin Premium Dark Chocolate Cherry & Liqueur Filled chocolates	2.1 oz	\$2.60
Turin		Grand Marnier Liqueur Filled chocolates	4.23 oz	\$4.20
Turin		Bailey's Irish Cream Liqueur filled milk chocolates	4.23 oz	\$4.20
Turin		Jack Daniel's Liqueur Filled dark chocolates	4.23 oz	\$4.20
Turin		Jose Cuervo Tequila liqueur filled dark chocolates	4.23 oz	\$4.20
Turin		Kahlua Liqueur filled milk chocolates	4.23 oz	\$4.20
Turin		Malibu Coconut Rum liqueur filled dark chocolates	4.23 oz	\$4.20
Turin		Kahlua Liqueur filled milk chocolates box	6.3 oz	\$9.75
John Sommers Inc	950196	Bailey's Irish Cream Liqueur filled milk chocolates box	6.3 oz	\$9.75
John Sommers Inc	950197	Weinrich Cognac Truffle Bar Item #WEIN3011	3.5 oz	\$2.05
Morris National Inc.		Weinrich Rum Truffle Bar Item #WEIN304	3.5 oz	\$2.05
Morris National Inc.		Morris National Very Special Chocolates 10 ct crate	3.5 oz	\$6.80
Morris National Inc.		Morris National Very Special Chocolates Grand Assortment	4.2 oz	\$9.10

WASHINGTON STATE LIQUOR CONTROL BOARD

INTEROFFICE CORRESPONDENCE

Date: June 3, 2009

To: Chairman Lorraine Lee  
Board Member Roger Hoen  
Board Member Ruthann Kurose

From: Steve Burnell, Marketing Manager

Subject: POTENTIAL ONE-TIME-ONLY LISTING

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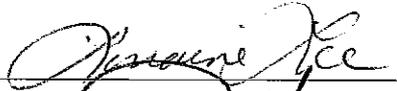
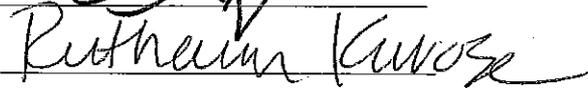
The supplier of the following item is requesting One-Time-Only (OTO) listing.

<u>Product Description</u>	<u>Retail Price</u>	<u>Cases</u>
Bacardi Party Drinks Mai Tai, 1.75 Liter	\$22.95	240 cases

I recommend that the Board approve this one-time-only listing.

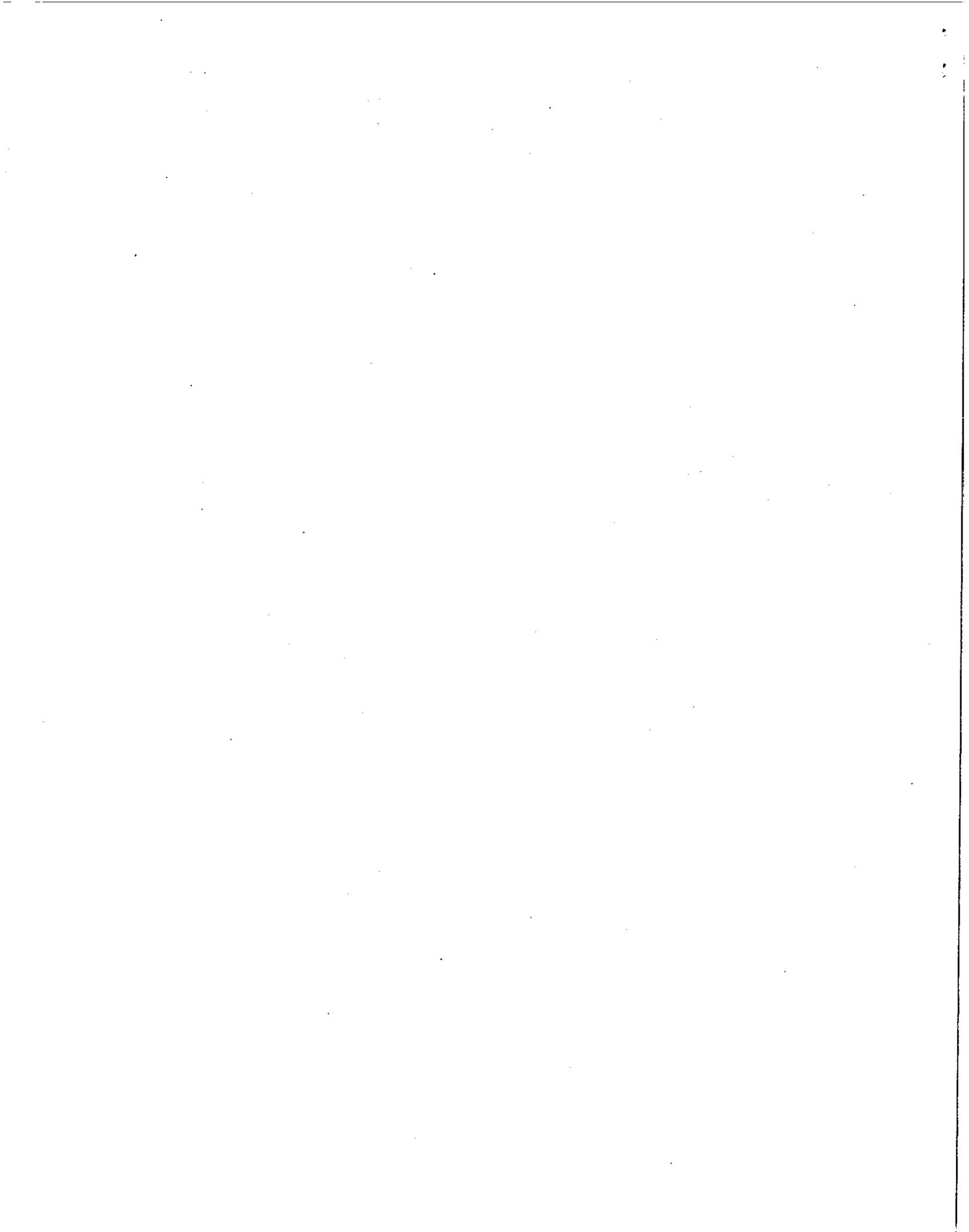
FOR BOARD APPROVAL:

6/3/09  
DATE

ma

cc: Pat Kohler  
Pat McLaughlin  
John Redal  
Debi Besser  
Randy Simmons  
Meagan Renick  
Kelly Higbee  
Jeffrey James  
Cindy Doughty  
Robin Hall  
Kim Ward  
Casey Walker  
Lacinda Thomas  
Frances Munez-Carter  
Gary Hacker



WASHINGTON STATE LIQUOR CONTROL BOARD

INTEROFFICE CORRESPONDENCE

Date: June 3, 2009

To: Chairman Lorraine Lee  
Board Member Roger Hoen  
Board Member Ruthann Kurose

From: Steve Burnell, Marketing Manager

Subject: POTENTIAL ONE-TIME-ONLY LISTING

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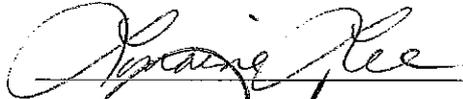
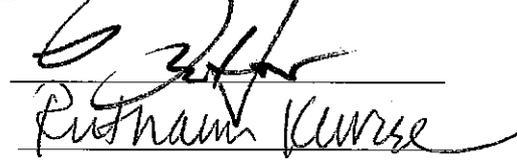
The supplier of the following item is requesting One-Time-Only (OTO) listing.

<u>Product Description</u>	<u>Retail Price</u>	<u>Cases</u>
Bacardi Party Drinks Mai Tai, 1.75 Liter	\$22.95	240 cases

I recommend that the Board approve this one-time-only listing.

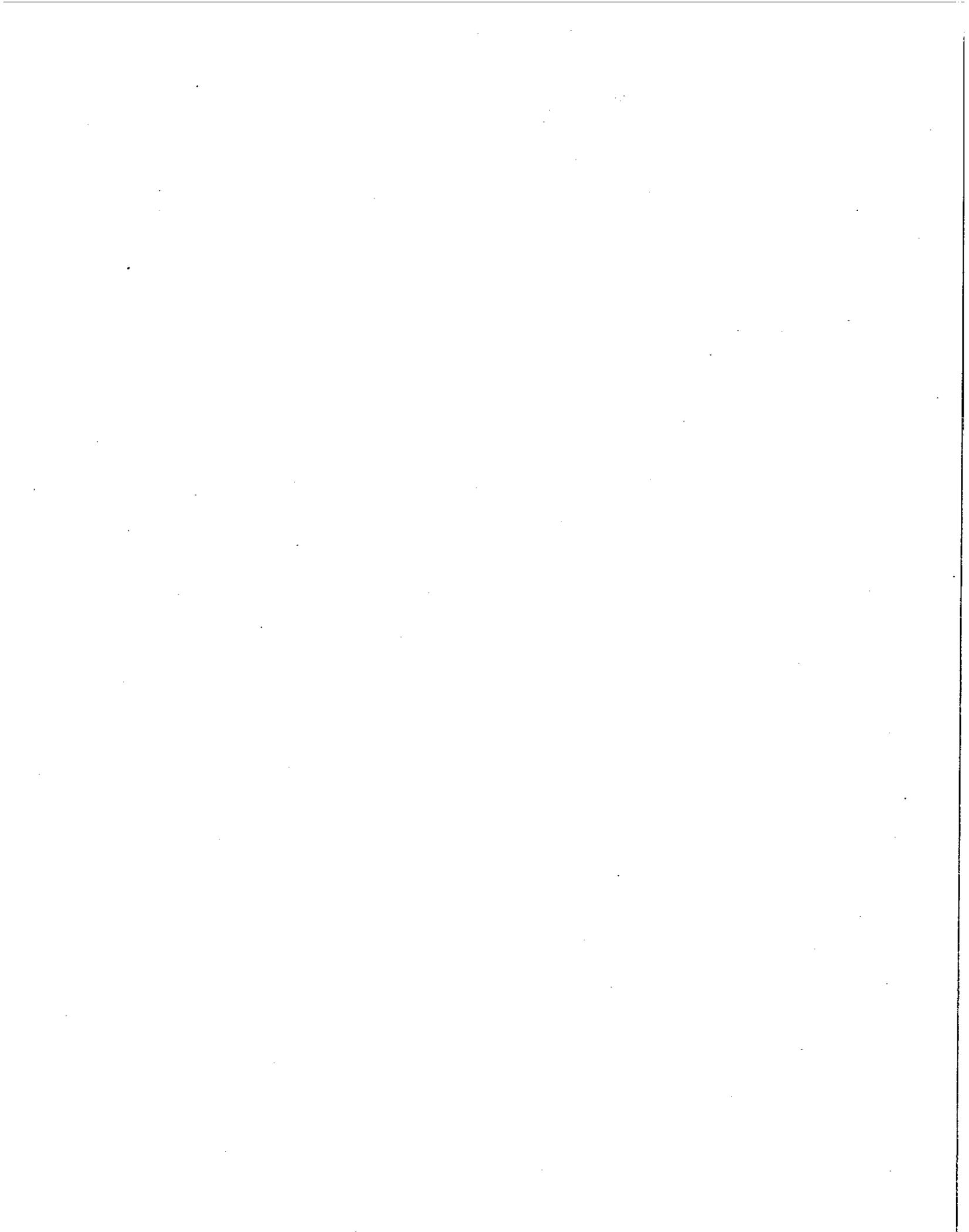
FOR BOARD APPROVAL:

DATE

ma

cc: Pat Kohler  
Pat McLaughlin  
John Redal  
Debi Besser  
Randy Simmons  
Meagan Renick  
Kelly Higbee  
Jeffrey James  
Cindy Doughty  
Robin Hall  
Kim Ward  
Casey Walker  
Lacinda Thomas  
Frances Munez-Carter  
Gary Hacker





**Washington State  
Liquor Control Board**

---

**Date:** June 3, 2009

**To:** Lorraine Lee, Board Chairman  
Roger Hoen, Board Member  
Ruthann Kurose, Board Member

**From:** Karen McCall, Agency Rules Coordinator

**Copy:** Pat Kohler, Administrative Director  
Rick Garza, Deputy Administrator  
Alan Rathbun, Director, Licensing and Regulation  
Pat Parmer, Chief, Enforcement and Education

**Subject:** **Approval for filing a preproposal statement of inquiry (CR 101) to implement 2009 legislation relating to retail liquor licensees**

The following bills were passed during the 2009 legislative sessions that require changes in existing administrative rules (WAC) or the development of new rules:

- **SSB 5367 – Creates a Nightclub liquor license**
- **SSB 5834 – Allows Beer/Wine Specialty Shops to sell kegs for off-premises consumption, allows spirits, beer, and wine private clubs and beer and wine private clubs to sell bottled wine for off-premises consumption, allows retail-to-retail product (wine) transfers, and changes the process of electronic fund transfers (EFT)**
- **EHB 2358 – Increases most retail liquor license fees**

**Process**

The Rules Coordinator requests approval to file the preproposal statement of inquiry (CR 101) for the rule making described above. An issue paper on this rules review was presented at the Board meeting on June 3, 2009, and is attached to this order.

If approved for filing, the tentative timeline for the rule making process is outlined below:

June 3, 2009	Board is asked to approve filing the preproposal statement of inquiry (CR 101 filing)
June 17, 2009	Code Reviser publishes notice, LCB sends notice to rules distribution list
July 20, 2009	End of written comment period
July 22, 2009	Board is asked to approve filing the proposed rule making (CR 102 filing). LCB sends notice to rules

	distribution list.
August 5, 2009	Code Reviser publishes notice,
August 26, 2009	Public hearing held
September 4, 2009	End of written comment period
September 9, 2009	Board is asked to adopt rules
September 9, 2009	Agency sends notice to those who commented both at the public hearing and in writing.
September 9, 2009	Agency files adopted rules with the Code Reviser
October 10, 2009	Rules are effective (31 days after filing)

Approve       Disapprove      Lorraine Lee      6-3-09  
 Lorraine Lee, Chairman      Date

Approve       Disapprove      Roger Hoen      6-3-09  
 Roger Hoen, Board Member      Date

Approve       Disapprove      Ruthann Kurose      6/3/09  
 Ruthann Kurose, Board Member      Date

Attachment: Issue Paper

## Issue Paper

# Rule Making to Implement Legislation for Retail Licensees

Date: June 3, 2009

Presented by: Karen McCall, Agency Rules Coordinator

---

### Description of the Issue

The purpose of this issue paper is to request approval from the Board to file the first stage of rule making (CR 101) for rule changes implementing **SSB 5367**, **SSB 5834** and **EHB 2358**.

### Why is rule making necessary?

The following bills were passed during the 2009 legislative sessions that require changes in existing administrative rules (WAC) or the development of new rules:

- **SSB 5367 – Creates a Nightclub liquor license**
- **SSB 5834 – Allows Beer/Wine Specialty Shops to sell kegs for off-premises consumption, allows spirits, beer, and wine private clubs and beer and wine private clubs to sell bottled wine for off-premises consumption, allows retail-to-retail product (wine) transfers, and changes the process of electronic fund transfers (EFT)**
- **EHB 2358 – Increases most retail liquor license fees**

### Process

The rule making process begins by announcing Liquor Control Board's intent to change existing rules and propose new rules by filing a CR 101 form. This allows staff and stakeholders to begin discussing necessary changes and new rules. No proposed language is offered at this stage. The public may comment during the designated comment period. Notice will be sent to all who have indicated that they want to receive notice of rule changes. The notice will identify the public comment period and where comments can be sent. Based on public input received, staff will draft proposed changes for presentation to the Board at the next phase of the rule making process. A tentative timeline for the rule making process is outlined below:

June 3, 2009	Board is asked to approve filing the pre-proposal statement of inquiry (CR 101)
June 17, 2009	Code Reviser publishes notice, LCB sends notice to rules distribution list
July 20, 2009	End of written comment period
July 22, 2009	Board is asked to approve proposed rule making (CR 102 filing). LCB sends notice to rules distribution list.
August 5, 2009	Code Reviser publishes notice.
August 26, 2009	Public hearing held.
September 4, 2009	End of written comment period

September 9, 2009	Board is asked to adopt rules (CR 103).
September 9, 2009	Agency sends notice to those who commented both at the public hearing and in writing.
September 9, 2009	Agency files adopted rules with the Code Reviser
October 10, 2009	Rules are effective (31 days after filing)



**Washington State  
Liquor Control Board**

**Date:** June 3, 2009

**To:** Lorraine Lee, Board Chairman  
Roger Hoen, Board Member  
Ruthann Kurose, Board Member

**From:** Karen McCall, Agency Rules Coordinator

**Copy:** Pat Kohler, Administrative Director  
Rick Garza, Deputy Administrator  
Alan Rathbun, Director, Licensing and Regulation  
Pat Parmer, Chief, Enforcement and Education

**Subject:** **Approval for filing a preproposal statement of inquiry (CR 101) to implement 2009 legislation relating to manufacturers, distributors, importers, and retailers**

The following bills were passed during the 2009 legislative sessions that require changes in existing administrative rules (WAC) or the development of new rules:

- **EHB 2040 – changes in beer and wine regulation including financial ownership or interest, money’s worth – advertising, price post and hold, and minimum markup**
- **SHB 1812 – requirements for wine labels**
- **ESHB 1441 – process for terminating or cancelling agreements between distributors and producers of malt beverages**
- **SSB 5834 – addresses authorized representatives, creates a winery warehouse, provides new exceptions to tied house**

**Process**

The Rules Coordinator requests approval to file the preproposal statement of inquiry (CR 101) for the rule making described above. An issue paper on this rules review was presented at the Board meeting on June 3, 2009, and is attached to this order.

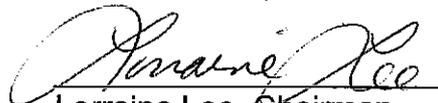
If approved for filing, the tentative timeline for the rule making process is outlined below:

June 3, 2009	Board is asked to approve filing the preproposal statement of inquiry (CR 101 filing)
June 17, 2009	Code Reviser publishes notice, LCB sends notice to rules distribution list
July 20, 2009	End of written comment period

July 22, 2009	Board is asked to approve filing the proposed rule making (CR 102 filing). LCB sends notice to rules distribution list.
August 5, 2009	Code Reviser publishes notice,
August 26, 2009	Public hearing held
September 4, 2009	End of written comment period
September 9, 2009	Board is asked to adopt rules
September 9, 2009	Agency sends notice to those who commented both at the public hearing and in writing.
September 9, 2009	Agency files adopted rules with the Code Reviser
October 10, 2009	Rules are effective (31 days after filing)

Approve

Disapprove

  
Lorraine Lee, Chairman

6-3-09  
Date

Approve

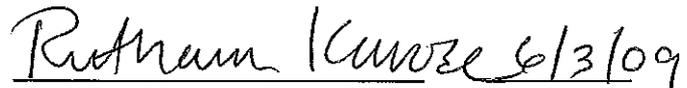
Disapprove

  
Roger Hoehn, Board Member

6-3-09  
Date

Approve

Disapprove

  
Ruthann Kurose, Board Member

6/3/09  
Date

Attachment: Issue Paper

Washington State Liquor Control Board

## Issue Paper

# Rule Making to Implement Legislation for Manufacturers, Distributors, Importers, and Retailers

Date: June 3, 2009

Presented by: Karen McCall, Agency Rules Coordinator

---

### Description of the Issue

The purpose of this issue paper is to request approval from the Board to file the first stage of rule making (CR 101) for rule changes implementing **EHB 2040**, **SHB 1812**, **ESHB 1441**, and **SSB 5834**.

### Why is rule making necessary?

The following bills were passed during the 2009 legislative sessions that require changes in existing administrative rules (WAC) or the development of new rules:

- **EHB 2040** – changes in beer and wine regulation including financial ownership or interest, money's worth – advertising, price post and hold, and minimum markup
- **SHB 1812** – requirements for wine labels
- **ESHB 1441** – process for terminating or cancelling agreements between distributors and producers of malt beverages
- **SSB 5834** – addresses authorized representatives, creates a winery warehouse, provides new exceptions to tied house

### Process

The rule making process begins by announcing Liquor Control Board's intent to change existing rules and propose new rules by filing a CR 101 form. This allows staff and stakeholders to begin discussing necessary changes and new rules. No proposed language is offered at this stage. The public may comment during the designated comment period. Notice will be sent to all who have indicated that they want to receive notice of rule changes. The notice will identify the public comment period and where comments can be sent. Based on public input received, staff will draft proposed changes for presentation to the Board at the next phase of the rule making process. A tentative timeline for the rule making process is outlined below:

June 3, 2009	Board is asked to approve filing the pre-proposal statement of inquiry (CR 101)
June 17, 2009	Code Reviser publishes notice, LCB sends notice to rules distribution list
July 20, 2009	End of written comment period
July 22, 2009	Board is asked to approve proposed rule making (CR 102 filing). LCB sends notice to rules distribution list.
August 5, 2009	Code Reviser publishes notice.
August 26, 2009	Public hearing held.

September 4, 2009	End of written comment period
September 9, 2009	Board is asked to adopt rules (CR 103).
September 9, 2009	Agency sends notice to those who commented both at the public hearing and in writing.
September 9, 2009	Agency files adopted rules with the Code Reviser
October 10, 2009	Rules are effective (31 days after filing)



Washington State  
**Liquor Control Board**

---

**Date:** June 3, 2009

**To:** Lorraine Lee, Board Chairman  
Roger Hoen, Board Member  
Ruthann Kurose, Board Member

**From:** Karen McCall, Agency Rules Coordinator

**Copy:** Pat Kohler, Administrative Director  
Rick Garza, Deputy Administrator  
Pat Parmer, Chief, Enforcement and Education

**Subject:** **Approval for filing a preproposal statement of inquiry (CR 101) to create new rules to implement 2009 legislation**

The following bills were passed during the 2009 legislative sessions that require changes in existing administrative rules (WAC) or the development of new rules:

- **SHB 1435 – Grants the Liquor Control Board administrative authority to approve, deny, suspend or revoke retail, wholesale, or distributor cigarette and tobacco products licenses.**

**Process**

The Rules Coordinator requests approval to file the preproposal statement of inquiry (CR 101) for the rule making described above. An issue paper on this rules review was presented at the Board meeting on June 3, 2009, and is attached to this order.

If approved for filing, the tentative timeline for the rule making process is outlined below:

June 3, 2009	Board is asked to approve filing the preproposal statement of inquiry (CR 101 filing)
June 17, 2009	Code Reviser publishes notice, LCB sends notice to rules distribution list
July 20, 2009	End of written comment period
August 19, 2009	Board is asked to approve filing the proposed rule making (CR 102 filing). LCB sends notice to rules distribution list.
September 2, 2009	Code Reviser publishes notice,
September 30, 2009	Public hearing held
October 14, 2009	End of written comment period
October 14, 2009	Board is asked to adopt rules

October 14, 2009	Agency sends notice to those who commented both at the public hearing and in writing.
October 14, 2009	Agency files adopted rules with the Code Reviser
November 15, 2009	Rules are effective

Approve       Disapprove      Lorraine Lee      6-3-09  
 Lorraine Lee, Chairman      Date

Approve       Disapprove      Roger Hoen      6-3-09  
 Roger Hoen, Board Member      Date

Approve       Disapprove      Ruthann Kurose      6/3/09  
 Ruthann Kurose, Board Member      Date

Attachment: Issue Paper

Washington State Liquor Control Board

## Issue Paper

# Rule Making to Implement Legislation for Cigarette and Tobacco Licensing

Date: June 3, 2009

Presented by: Karen McCall, Agency Rules Coordinator

---

### Description of the Issue

The purpose of this issue paper is to request approval from the Board to file the first stage of rule making (CR 101) to create rules to implement **SHB 1435**.

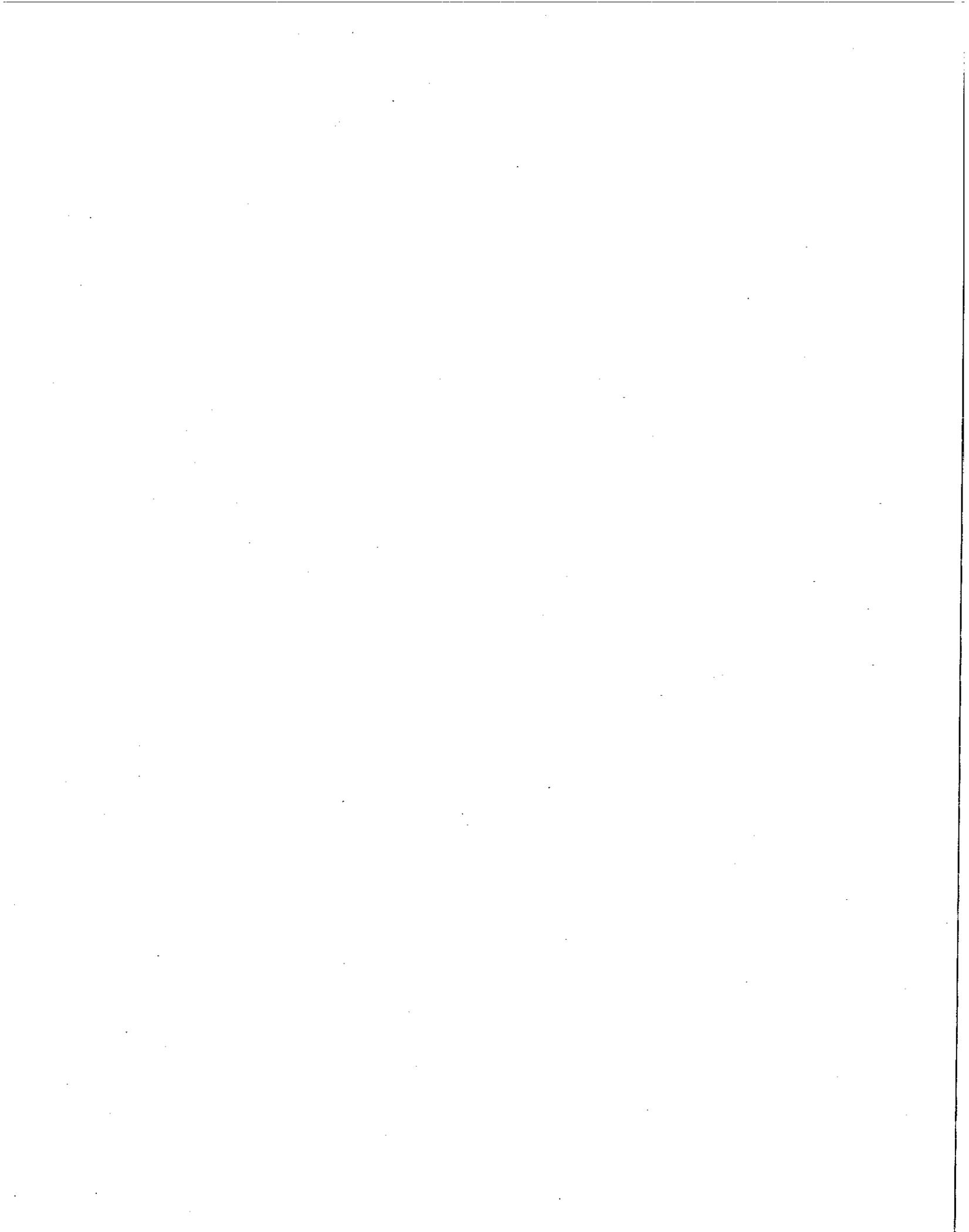
### Why is rule making necessary?

SHB 1435 passed in the 2009 legislative session, gives the Liquor Control Board the administrative authority to approve, deny, suspend, or revoke retail, wholesale, or distributor cigarette and tobacco products licenses. Rules are needed to further clarify the application process and requirements.

### Process

The rule making process begins by announcing Liquor Control Board's intent to change existing rules and propose new rules by filing a CR 101 form. This allows staff and stakeholders to begin discussing necessary changes and new rules. No proposed language is offered at this stage. The public may comment during the designated comment period. Notice will be sent to all who have indicated that they want to receive notice of rule changes. The notice will identify the public comment period and where comments can be sent. Based on public input received, staff will draft proposed changes for presentation to the Board at the next phase of the rule making process. A tentative timeline for the rule making process is outlined below:

June 3, 2009	Board is asked to approve filing the pre-proposal statement of inquiry (CR 101)
June 17, 2009	Code Reviser publishes notice, LCB sends notice to rules distribution list
July 20, 2009	End of written comment period
August 19, 2009	Board is asked to approve proposed rule making (CR 102 filing). LCB sends notice to rules distribution list.
September 2, 2009	Code Reviser publishes notice.
September 30, 2009	Public hearing held.
October 7, 2009	End of written comment period
October 14, 2009	Board is asked to adopt rules (CR 103).
October 14, 2009	Agency sends notice to those who commented both at the public hearing and in writing.
October 14, 2009	Agency files adopted rules with the Code Reviser
November 15, 2009	Rules are effective





**Washington State  
Liquor Control Board**

---

**Date:** June 3, 2009

**To:** Lorraine Lee, Board Chairman  
Roger Hoen, Board Member  
Ruthann Kurose, Board Member

**From:** Karen McCall, Agency Rules Coordinator

**Copy:** Pat Kohler, Administrative Director  
Rick Garza, Deputy Administrator  
Alan Rathbun, Director, Licensing and Regulation

**Subject:** Approval for filing a preproposal statement of inquiry (CR 101) for implementation of Board Policy #4-2009 – Delegation of Authority

Current rules delegate authority to the Administrative Director and other designated staff to approve unopposed or uncontested liquor license applications. Board Policy #4-2009 delegates authority to make threshold decisions related to liquor license applications and renewals where objections have been received or the applicant/licensee appears to not meet the eligibility requirements. **WAC 314-07-120** and **WAC 314-42-010** will need to be amended to reflect this policy, as well as **WAC 314-09 – Contested Liquor License Applications and Renewals**.

**Process**

The Rules Coordinator requests approval to file the preproposal statement of inquiry (CR 101) for the rule making described above. An issue paper on this rules review was presented at the Board meeting on June 3, 2009, and is attached to this order.

If approved for filing, the tentative timeline for the rule making process is outlined below:

June 3, 2009	Board is asked to approve filing the preproposal statement of inquiry (CR 101 filing)
June 17, 2009	Code Reviser publishes notice, LCB sends notice to rules distribution list
July 20, 2009	End of written comment period
July 22, 2009	Board is asked to approve filing the proposed rule making (CR 102 filing). LCB sends notice to rules distribution list.
August 5, 2009	Code Reviser publishes notice,
August 26, 2009	Public hearing held

September 4, 2009	End of written comment period
September 9, 2009	Board is asked to adopt rules
September 9, 2009	Agency sends notice to those who commented both at the public hearing and in writing.
September 9, 2009	Agency files adopted rules with the Code Reviser
October 10, 2009	Rules are effective (31 days after filing)

Approve       Disapprove      *Lorraine Lee*      6-3-09  
 Lorraine Lee, Chairman      Date

Approve       Disapprove      *Roger Hoen*      6-3-09  
 Roger Hoen, Board Member      Date

Approve       Disapprove      *Ruthann Kurose*      6/3/09  
 Ruthann Kurose, Board Member      Date

Attachment: Issue Paper

## **Issue Paper: Rulemaking on Delegation of Authority (Intent to Deny or Not Renew a Liquor License)**

Date: June 3, 2009

Presented by: Alan Rathbun, Licensing and Regulation Division Director

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### **Description of the Issue:**

The purpose of this issue paper is to request approval from the Board to file the first stage of rulemaking (CR 101) to review and amend current rules and/or develop new rules regarding Delegation of Authority.

### **Background:**

On April 22, 2009, the Board adopted Policy #4-2009 delegating authority to the Licensing and Regulation Division Director to make initial threshold determinations relative to liquor license applicants and renewals where objections have been submitted. This threshold determination is to be made in accordance with the provisions of RCW 66.24.010 as well as all other relevant sections of state law and title 314 WAC. The Licensing Director shall give substantial weight to objections from a local authority where said objections are based on chronic illegal activity. Further, the Licensing Director will give due consideration to the location of a new liquor license application as it relates to its proximity to churches, schools, and public institutions as well as other considerations raised by the local authority.

### **Process**

The rule making process begins by announcing LCB's intent to change existing rules and propose new rules by filing a CR 101 form. This allows staff and stakeholders to begin discussing necessary changes and new rules. No proposed language is offered at this stage. The public may comment during the designated comment period. Notice will be sent to all who have indicated that they want to receive notice of rule changes. The notice will identify the public comment period and where comments can be sent. Board staff will work closely with stakeholders in the development of MAST rules. Based on public input received, staff will draft proposed changes for presentation to the Board at the next phase of the rule making process.

A tentative timeline for the rule making process is outlined below:

June 3, 2009	Board is asked to approve filing the pre-proposal statement of inquiry (CR 101 filing by noon)
June 17, 2009	Code Reviser publishes notice, LCB sends notice to rules distribution list
July 20, 2009	End of first written comment period
July 22, 2009	Board is asked to approve filing proposed rule making (CR 102)
August 5, 2009	Code Reviser publishes notice, LCB sends notice to rules

	distribution list
August 26, 2009	Public hearing held
September 4 , 2009	End of written comment period
September 9, 2009	Board is asked to adopt rules (CR 103)
September 9, 2009	Agency sends notice to those who commented both at the public hearing and in writing.
September 9, 2009	Agency files adopted rules with the Code Reviser (CR 103)
October 10, 2009	Rules are effective (31 days after filing)

Attachment: Board Policy #4-2009.

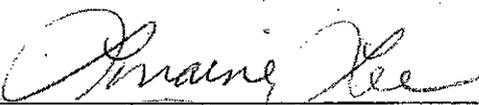
## Liquor Control Board Interim Policy #4-2009

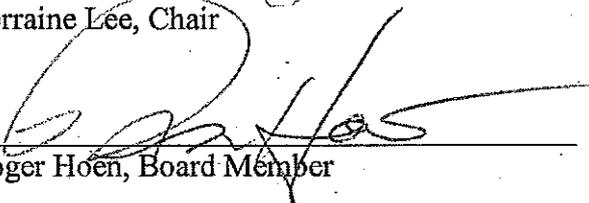
Subject of Policy: Delegation of authority to make threshold decisions related to liquor license applications and renewals where objections have been received or the applicant/licensee appears to not meet eligibility requirements

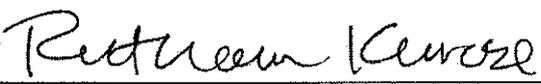
Effective Date: April 22, 2009

Ending Date: Upon adoption of WACs to implement this change in policy/procedure.

Approved:

  
Lorraine Lee, Chair

  
Roger Hoën, Board Member

  
Ruthann Kurose, Board Member

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### Purpose and Background:

State law (RCW 66.24.010) governs the issuance of liquor licenses. When either a new license application is received or when a license is pending renewal, state law requires the applicable local government authority to be notified and given the opportunity to object to said issuance. Under current procedure, a pending application or renewal that has had an objection received is forwarded to the Board Members for an initial threshold determination. In making this submission Licensing and Enforcement staff submits recommendations with accompanied justification.

If the initial determination by the Board Members is contested by either the applicant/licensee or the local authority, they must make a final determination in the same case after an adjudicative hearing by an administrative law judge. While not inappropriate under administrative law (RCW 34.05), this process presents an appearance of fairness concern.

### Policy Statement:

The Board hereby delegates authority to the Licensing and Regulation Division Director to make initial threshold determinations relative to liquor license applications and renewals where objections have been submitted. This threshold determination is to be

made in accordance with the provisions of RCW 66.24.010 as well as all other relevant sections of state law and title 314 WAC. The Licensing Director shall give substantial weight to objections from a local authority where said objections are based on chronic illegal activity. Further, the Licensing Director will give due consideration to the location of a new liquor license applicant as it relates to its proximity to churches, schools, public institutions as well other considerations raised by the local authority.

The Licensing Director is also granted the authority to make initial threshold determinations where the applicant/licensee appears to be ineligible for a license due to failure to meet requirements under statute or rule. This failure to meet eligibility requirements includes data obtained through a criminal background check or Criminal History Record Information (CHRI) report.

Where the Licensing Director determines that the Liquor Control Board (LCB) will seek denial of a license application or non-renewal of an existing license, an aggrieved applicant/licensee is granted a hearing before an administrative law judge. In a case where the Licensing Director determines that the LCB will seek to license over the objection of a local authority, the local authority may request an adjudicative hearing. The Board Members further delegate the Licensing Director the authority to determine whether said hearing will be granted. The Licensing Director is to grant such a hearing request where the objection is based on alleged conduct which is jurisdictional to the LCB under Title 66 RCW and/or Title 314 WAC.

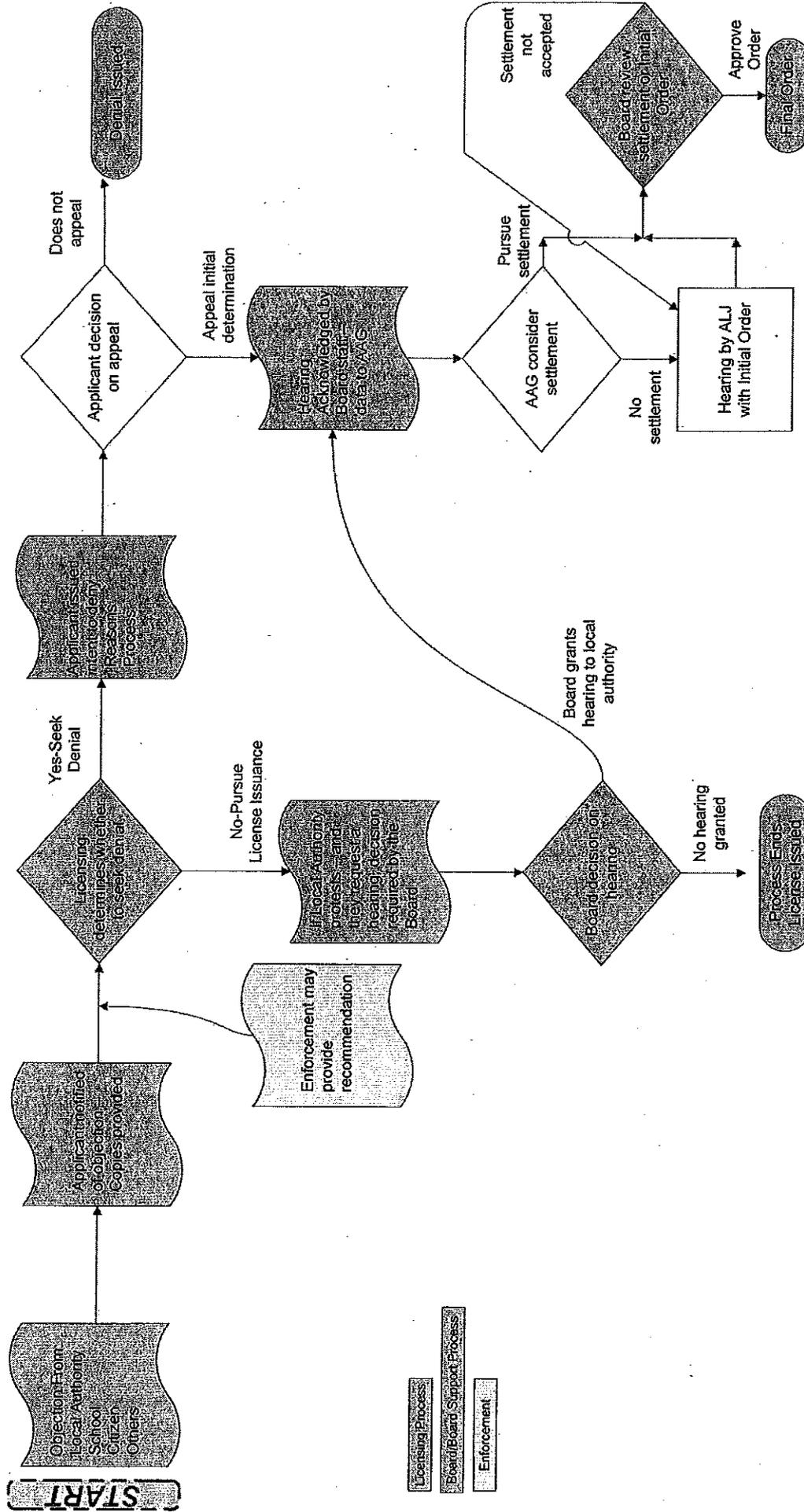
The following procedure relates directly to an application/renewal which is objected to by a local authority or others. In those circumstances where the applicant/licensee does not appear to meet eligibility requirements, some of these steps will not apply.

Procedure and/or Desired Outcome	Responsible Party
Receive objection from local authority, school or citizen. Evaluate objection for timeliness, subject jurisdiction and whether further supporting documentation is necessary. Acknowledge receipt as appropriate.	LCB Licensing and Regulation Division
Feedback and recommendations requested from Enforcement and Education Division.	LCB Licensing and Regulation Division
Enforcement provides written recommendations to the Licensing Director with justification.	LCB Enforcement and Education Division
Licensing managers evaluate all relevant information and develop DRAFT recommendations on the application/renewal. File submitted to prosecuting AAGs for their review and comment.	LCB Licensing and Regulation Division
Prosecuting AAGs advise licensing managers of their comments on recommended action.	LCB Licensing and Regulation Division
Licensing managers prepare recommendation and submit to Director for action. While the recommendation will be in writing, the presentation may be in person with representatives from Enforcement in attendance.	LCB Licensing Managers

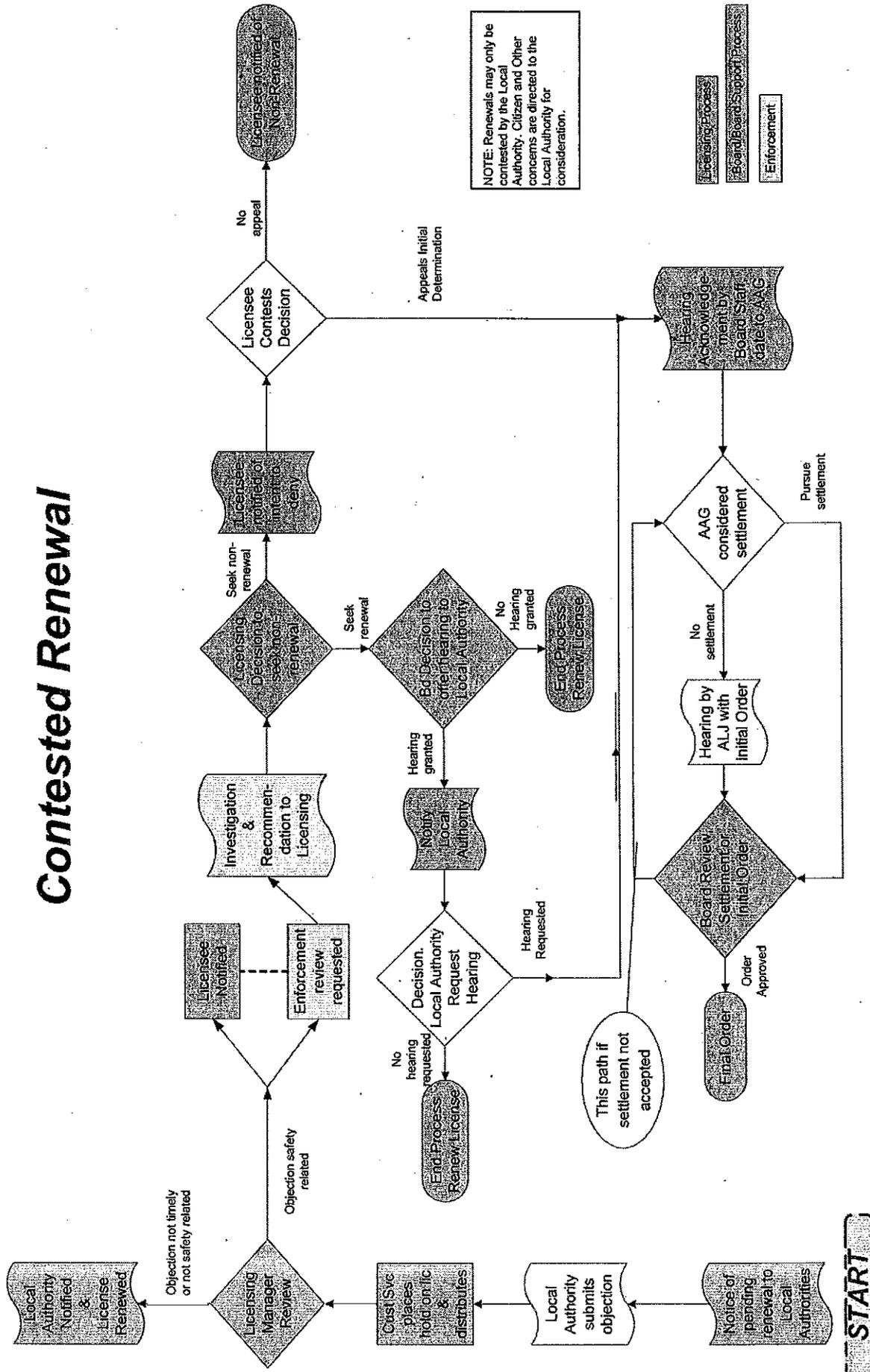
Procedure and/or Desired Outcome	Responsible Party
<p>Licensing Director makes threshold determination and directs preparation of either:</p> <ul style="list-style-type: none"> <li>• Intent to deny/not renew to applicant/licensee; or</li> <li>• Notice to local authority that license will be issued/renewed over their objection</li> </ul> <p>These notifications will include appropriate information relative to appeal rights and required response timeframes.</p>	<p>Licensing Director</p>
<p>Licensing notifies all parties of threshold determination.</p>	<p>LCB Licensing and Regulation Division</p>
<p>Where the threshold determination is to issue a license or renewal over an objection by the local authority, granting such a hearing will be discretionary based on whether the objection is based on safety related issues jurisdictional to the LCB under statute or rule.</p>	<p>Licensing Director</p>
<p>This is the end of LCB Licensing Division's direct role in this process.</p> <p>In cases where the applicant/licensee appeals the threshold decision by Licensing, the process for handling the request for a hearing will be the responsibility of Board's Adjudicative Proceedings Coordinator. Similarly, where the local authority is granted a hearing, the handling of this request will be by the Board's Adjudicative Proceedings Coordinator.</p>	

Attached are flowcharts for the Contested License Application and Contested Renewal process.

# Contested License Application

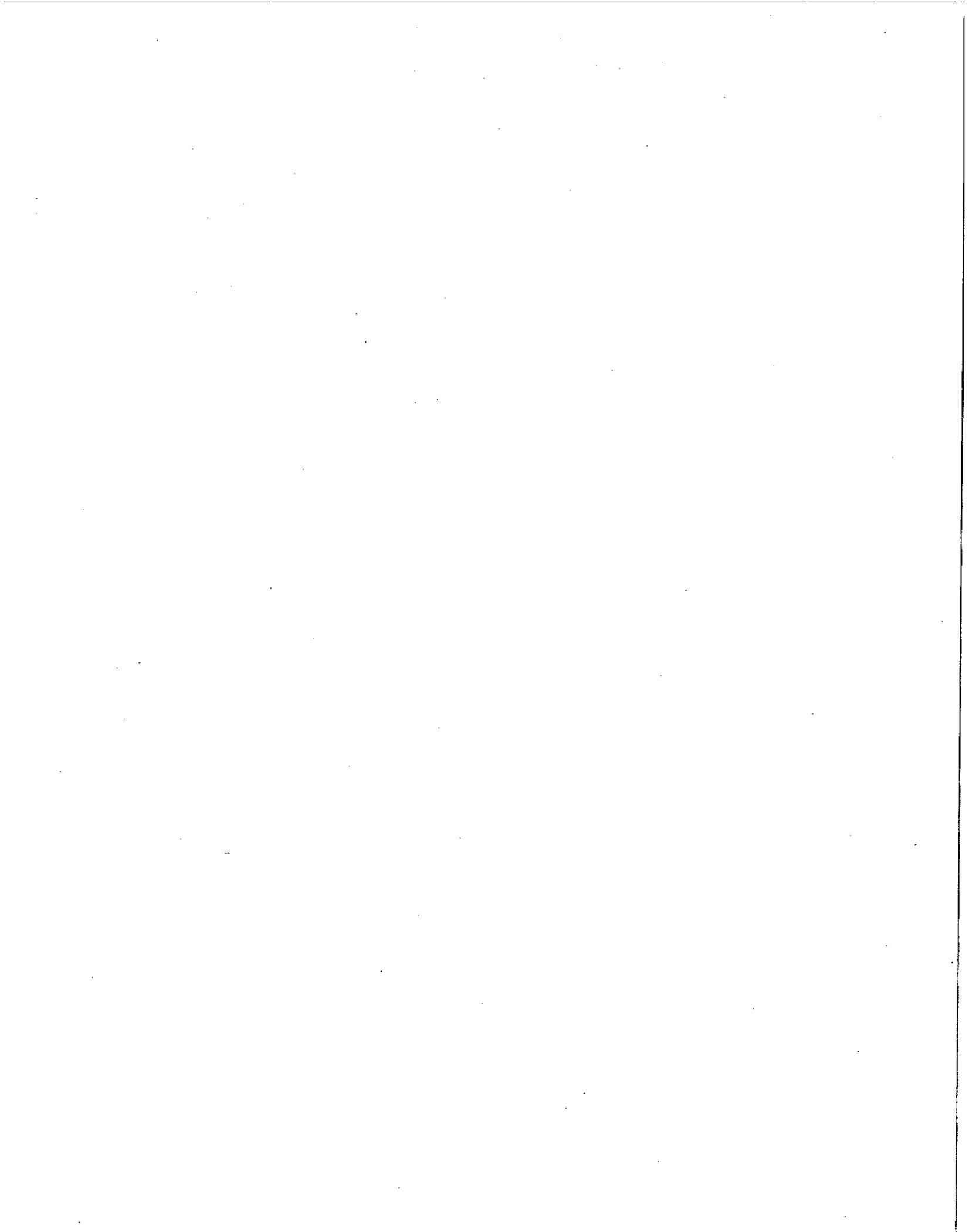


# Contested Renewal



NOTE: Renewals may only be contested by the Local Authority, Citizen and Other concerns are directed to the Local Authority for consideration.

Hearing Process  
 Board/Staff Support Process  
 Enforcement





Washington State  
Liquor Control Board

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MEMORANDUM

DATE: June 3, 2009

TO: Pat Parmer, Chief of Enforcement and Education Division

CC: Pat Kohler, Administrative Director

FROM: Lorraine Lee, Board Chairman *LL*  
Roger Hoen, Board Member *RH*  
Ruthann Kurose, Board Member *RK*

SUBJECT: Delegation of Authority for Administrative Complaints

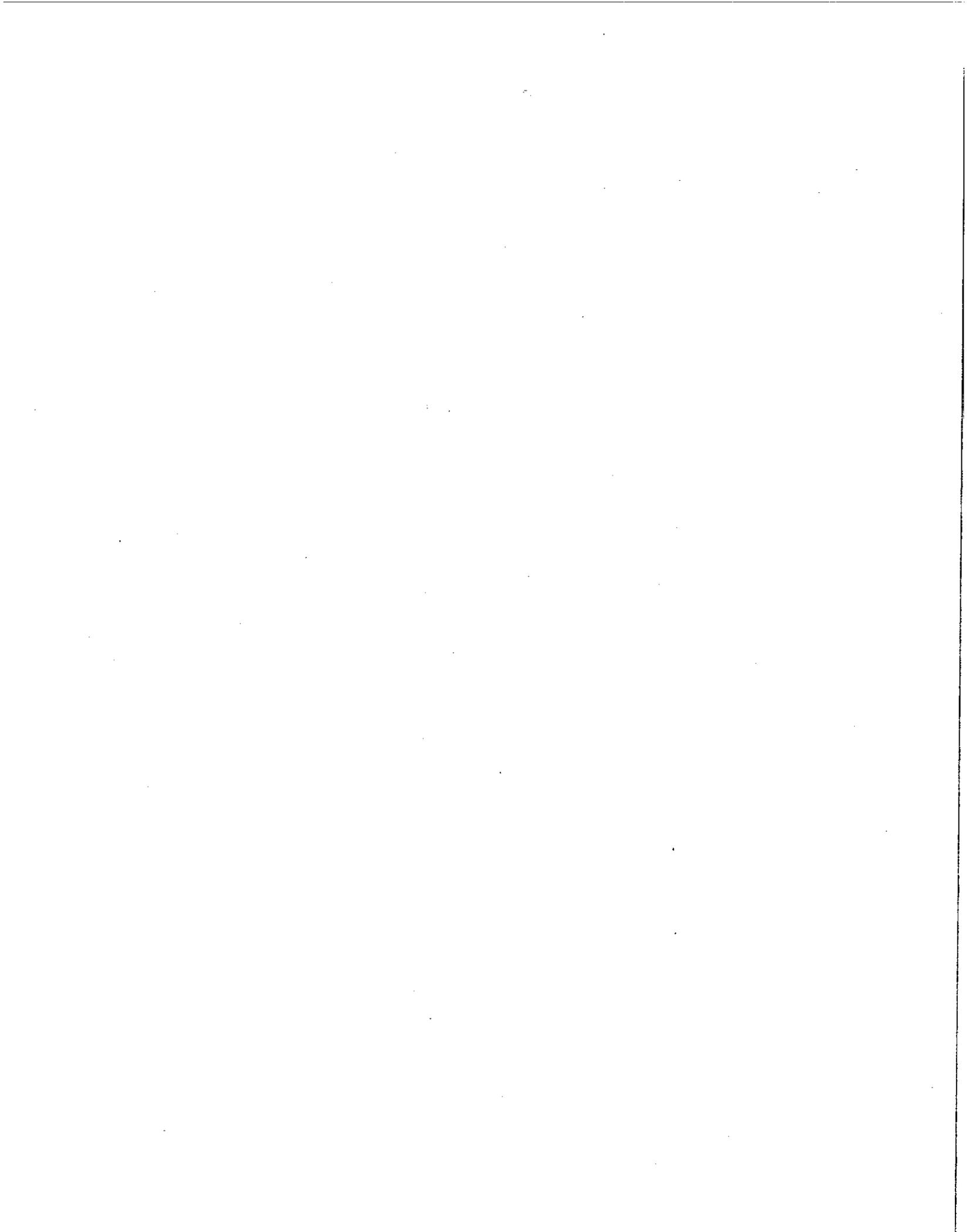
**Background**

WAC 314-42-051(3) sets forth the procedures for drafting administrative complaints as cases are prepared for administrative hearings. Currently, Board Members review and authorize all complaints after they are drafted by the assistant attorneys general.

At the Executive Management Team meeting on May 27, 2009, it was discussed and agreed upon that the decision to approve or disapprove administrative complaints should be delegated to the chief of the enforcement and education division. Such delegation would promote efficiency and streamline administrative decision-making. It also furthers the Board Members' priorities for the agency's 2009-11 Strategic Plan, including continuous improvement of agency operations.

**Delegation of Authority**

Therefore, in accordance with WAC 314-42-010(1), (3), we delegate decision making authority for administrative complaints to the chief of the enforcement and education division. This delegation of authority is effective July 1, 2009.





Washington State  
Liquor Control Board

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MEMORANDUM

DATE: June 3, 2009

TO: Pat Parmer, Chief of Enforcement and Education Division

CC: Pat Kohler, Administrative Director

FROM: Lorraine Lee, Board Chairman *LL*  
Roger Hoen, Board Member *RH*  
Ruthann Kurose, Board Member *RK*

SUBJECT: Delegation of Authority for Settlement Agreements on First Offenses for Liquor and Tobacco Administrative Violations

**Background**

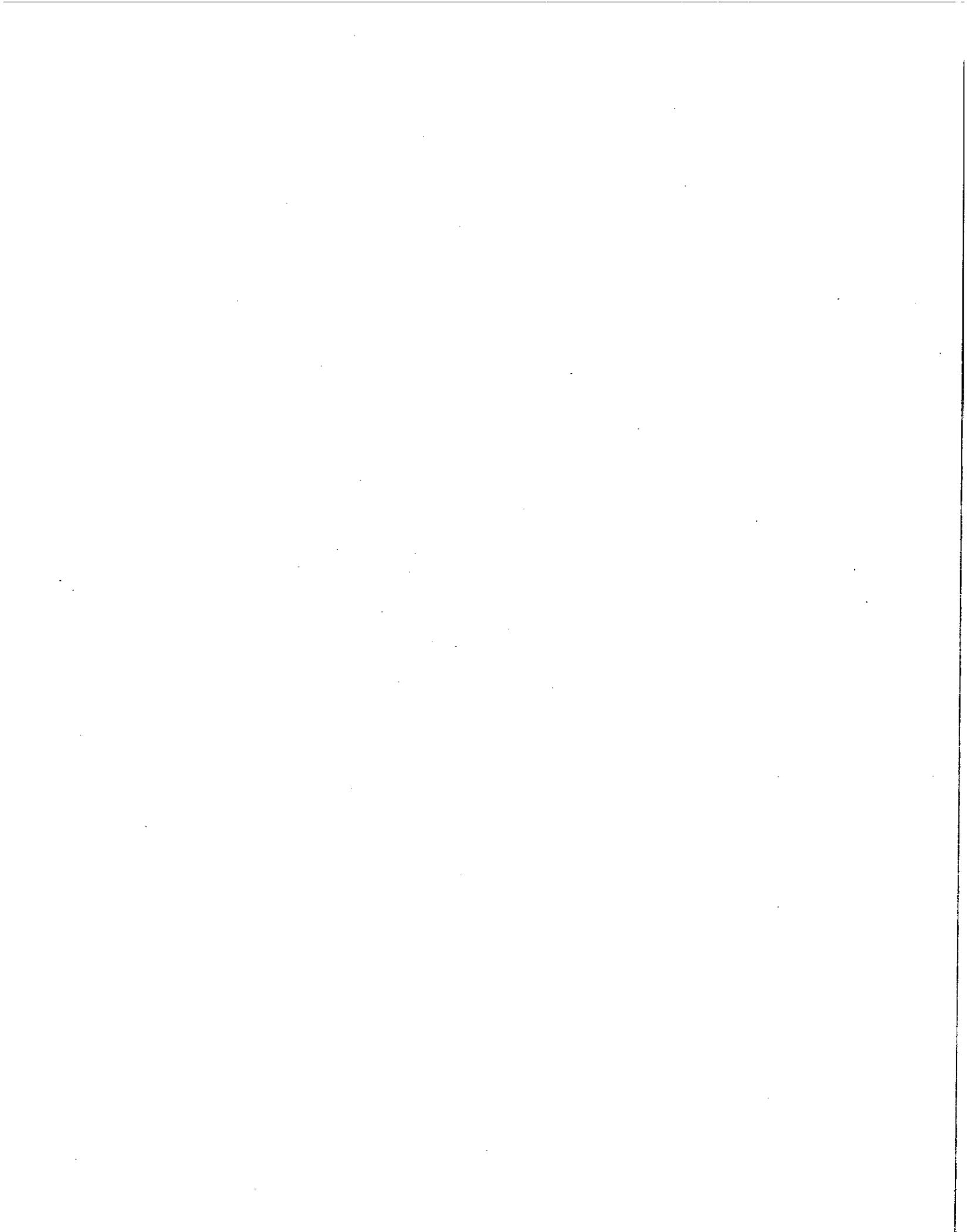
Currently, Board Members review all proposed compromise settlement agreements prepared (internally) by the hearings officer in the Alternative Dispute Resolution (ADR) process and stipulated settlement agreements and proposed final orders of the board prepared (externally) by Assistant Attorneys General.

In calendar year 2008, we acted on 347 compromises for liquor violations with a first offense and 59 compromises for tobacco violations with a first offense. These first-time violations with compromises accounted for approximately 73% of the ADR cases that came to us for a final determination. Also notable, 33% of the 151 administrative hearing requests generated during this biennium were settled prior to a hearing.

At the Executive Management Team meeting on May 27, 2009, it was discussed and agreed upon that the decision to approve or disapprove proposed settlement agreements should be delegated to the chief of the enforcement and education division. Such delegation would promote efficiency and streamline administrative decision-making. It also furthers the Board Members' priorities for the agency's 2009-11 Strategic Plan, including continuous improvement of agency operations.

**Delegation of Authority**

Therefore, in accordance with WAC 314-42-010(1), (3), we delegate decision making authority for approval and disapproval of settlement agreements for first offenses only to the chief of the enforcement and education division. This delegation of authority is effective July 1, 2009. This delegation does not affect a licensee's existing rights under WAC 314-29-010(3)(c) if a proposed settlement agreement is disapproved.



## **WASHINGTON STATE LIQUOR CONTROL BOARD**

Issue Paper

Brief Description of Topic – Delegation of 1<sup>st</sup> violations

Date: 6-3-09

Presented by: Karena Kirkendoll

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### **DESCRIPTION OF ISSUE**

Whether the board should delegate the authority to approve or disapprove first violation compromise agreements generated via the agency's internal Alternative Dispute Resolution (ADR) process to the Chief of the Enforcement and Education Division. Currently, the board reviews all proposed compromise agreements.

### **BACKGROUND**

The Hearing Officer position was established by the LCB in the fall of 2008 to bring consistency and due process to the ADR process. With a single Hearing Officer conducting the ADR's instead of Captains and Lieutenants throughout the state, communications by the Board on policies related to violations and penalties were greatly improved and the entire process was streamlined.

WAC 314-29-010(3) (c) states that settlement agreements authorized by both parties shall be forwarded to the board for approval. WAC 314-42-010(1) and (3) permit the delegation of authority to ensure efficient and consistent administration of the liquor control board.

Statistics independently compiled by the Hearings Officer indicate that since the new ADR process was implemented statewide on January 20, 2009, approximately 73% (2-3% margin of error) of the liquor violations sent to the agency for final determination were first violations.

Likewise, statistics independently compiled by the Adjudicative Hearings Coordinator indicate that during the calendar year 2008, approximately 73% of the violations sent to the agency for final determination were also first violations (both liquor and tobacco).

These figures indicate that first violations make up a significant portion of the compromise agreements being handled by the agency. It is also our experience that the vast majority of licensees who receive a first violation do not receive a second or third.

### **RECOMMENDATIONS**

Pursuant to WAC 314-42-010(1) and (3), the board should delegate the authority to approve or disapprove first violation compromise agreements generated via the agency's internal Alternative Dispute Resolution (ADR) process to the Chief of the Enforcement and Education Division to promote efficient and simplified administrative decision making. This will further our efforts to streamline the ADR process.

### **BUDGET IMPLICATIONS**

This is a time and budget conscious step toward furthering the improvement of agency operations.

