Washington State
Liquor Control Board

RETAIL DIVISION, P.O. BOX 43081, OLYMPIA, WA 98504-3081

August 31, 2011

TO: Applicant

FROM: Retail Services Division, WSLCB

SUBJECT: Contract Liquor Store Manager Recruitment – Hoquiam Store #683

Thank you for your interest in operating a Washington State Contract Liquor Store (CLS). At this time, we are accepting applications for Hoquiam Store #683. Gross sales, based on fiscal year 2010 performance for this location, were $854,960 with commission of $81,235. **We cannot guarantee future revenue based on these figures.**

Enclosed please find the application for CLS Manager, which includes a checklist outlining exactly what must be submitted with the application for it to be seriously considered. It is very important that all items requested are submitted with your application. The completed application must be received in our office **no later than close of business on September 28, 2011.**

Mail your application to: Retail Division - WSLCB
Hoquiam Recruitment
PO Box 43081
Olympia, WA 98504-3081

Questions? Email: CLSM@liq.wa.gov

Enclosures

STATE OF WASHINGTON
WASHINGTON STATE LIQUOR CONTROL BOARD

CLSM APPLICANT PRELIMINARY ACTIONS

The Washington State Liquor Control Board would like to thank you for your interest in becoming a Contract Liquor Store Manager.

It is highly recommended that you perform the following preliminary actions before completing the enclosed application packet.

- Review the Revised Code of Washington (RCW) Title 66: Alcoholic Beverage Control (available online at: http://apps.leg.wa.gov/rcw)
- Review the Washington Administrative Codes (WAC) Chapter 314 (available online at: http://apps.leg.wa.gov/wac)
- Consult with your insurance carrier for appropriate coverage including liquor liability
- Consult with the Washington State Department of Licensing (www.dol.wa.gov) for appropriate permits/licenses such as a master business license and beer sales license. (Note: A newly appointed Contract Liquor Store Manager who wishes to sell beer purchased at wholesale from a distributor will not assume the license of the previous manager. The new manager must apply for and have approved a new license before initiating order and sales of said beer.)
- Contact appropriate County and Municipality Departments for zoning and appropriate licenses.
- Consult with a Financial Advisor to ensure proper business structure (sole, corporation, S-chapter, etc)

APPLICATION

MATERIALS

Washington State
Liquor Control Board

Contract Liquor Store Applicants

Documentation Requirements

NOTE: Individual applicants must provide the following:

- ☐ Résumé of work experience, skills and education
- ☐ Contract Liquor Store Manager Application
- ☐ Dept. of Licensing Abstract of Complete Driving Record
- ☐ Copy of Personal Financial Statement (including assets, liabilities and net worth, and explanation of any large deposits made within the last 90 days, using Form LIQ 214)
- ☐ Copy of Income Tax returns for the past three years
- ☐ Copy of Business Plan for the proposed business (including marketing strategy, demographics, merchandising plan, customer service approach, and financial pro-forma for first 24 months including staffing and compensation schedule)
- ☐ Copy of any franchise agreements (with any suppliers whose products or services would be within the walls of the proposed liquor store building)
- ☐ Copy of any intent to purchase or intent to lease agreements (related to any property, buildings, fixtures, furniture, equipment, vehicles, trade names or goodwill to be used or associated with this business)
- ☐ Authorization to Disclose and Furnish Copy of Record (Form LIQ 144)
- ☐ Personal/Criminal History Statement for Employment Applicants(Form LIQ 837)
- ☐ Affidavit of Financial Loan (completed and signed by lending institution, Form LIQ 819)
- ☐ 2011 Prospective CLS Manager Information Survey
- ☐ Limited Liability Company Information (Form LIQ 722)

Note: **Bolded** items below apply to partnerships, investors and corporations only and are in addition to the above applicant requirements.

- ☐ **Copy of any Partnership agreement (signed by all partners) if applicable**
- ☐ **Financial/Investor documentation (if applicable) including if applicable:**
  - **Signed Authorization to disclose & furnish copy of record for each investor (Form LIQ 144)**
- ☐ **Copy of previous 12 months Income Statements and last 90 days Accounts Payable and Accounts Receivable statements if applying as current registered corporation**
- ☐ **Copy of Profit and Loss statement from any on-going business owned or operated by the prospective Liquor Store Manager (if applicable)**

Required forms where applicable must be signed and completed for this packet to be considered complete. Incomplete packets will <u>not</u> receive consideration.

Washington State Liquor Control Board
Contract Liquor Store Manager Application

Contract Store Location:_____ Date Received: _____

General Information			
First Name	Middle Initial	Last Name ☐Jr. ☐ Sr.	
Present Street Address			How long? (years/months)
City/State/Zip		Home Phone ( )	
Mailing address (if different than above)		E-mail Address	
Social Security Number	☐Male ☐Female	Date of birth	Mother's maiden name
Type of housing ☐ Rent ☐ Own or Buying ☐ Board ☐ Live with parents or relatives ☐ Other		Payment amount	
Previous address (if less than three years to current address)			How long?(years/months)
Dependents: number and ages	Are you a legal resident of the State of Washington? ☐Yes ☐No	Are you over 21 years of age? ☐Yes ☐No	Wash. ID/Drivers License # Expires:
Other names under which credit has been granted or may be verified:			

Work History (Please provide past 10 years)		
Current Employer	Position/Occupation	How long (years/months) From / to /
Employer's address		Retired ☐Yes ☐No
City/State/Zip		Business Phone ( )
-		
Employer	Position/Occupation	How long (years/months) From / to /
Employer's address		Retired ☐Yes ☐No
City/State/Zip		Business Phone ( )
Employer	Position/Occupation	How long (years/months) From / to /
Employer's address		Retired ☐Yes ☐No
City/State/Zip		Business Phone ( )

If more space is needed, copy this blank form or attach additional sheets.

Business Information: (Complete this portion if applying as part of existing business or utilizing current business as reference/asset base.)					
Business Name (as registered)			DBA (if applicable) State Registration #		
Taxpayer ID Number		Phone ( )		Fax ( )	
Annual Sales:	Business Established Month Year	Current Ownership		(# of years)	# of employees
Street Address			City/Sate/Zip Code		
Mailing Address			City/State/Zip Code		
Description of Business or Service					
Business contact name		Phone ( )		Fax ( )	
Legal Status of Business: ☐ Sole Proprietorship ☐ General Partnership ☐ Limited Partnership ☐ Corporation ☐ Sub-S Corporation ☐ Professional Corporation ☐ Limited Liability Company ☐ Limited Liability Partnership ☐ Nonprofit Corporation Other (describe) _____					Number of signers to execute loan documents

Financial Information (required)

✓ if held jointly	Assets (attach separate sheet if necessary)	Bank, Institution or Description	Bank Managers Name and Phone Number	Balance or Market Value	Liabilities	To whom owed	Present Balance	Monthly Payment
	Checking 1 Checking 2			$ $	Credit Card 1 Credit Card 2		$ $	$ $
	Savings, CDs, IRAs			$	Department Stores		$	$
	Auto 1 (year, make) Auto 2 (year, make)			$ $	Auto Loan 1 Auto Loan 2		$ $	$ $
	Real Estate			$	First mortgage on primary residence, or rent		$	$
	Stocks, bonds, mutual funds, annuities			$	Second Mortgage		$	$
	Money Market Account			$	Other debts/ purpose		$	$
	Other Assets			$	Equity loan or lines		$	$
					Other Loans			
	Total Assets			$	Total Liabilities		$	$

Primary Business Assets and Market Value			
Inventory	Vehicles	Equipment	Real Estate
$	$	$	$ Less prior leans of $
Deposits	Securities	Real Estate Property Address	
$	$		
Accounts Receivable	0-30 days	30-60 days	90+ days
	$	$	$
Accounts Payable	0-30 days	30-60 days	90+ days
	$	$	$
Other (describe)			
	$	$	$

1. Where would you locate the Contract Store? (Please note the address and physical location of the building.) _____

   _____

2. Name of landlord. _____ Phone #:(_____)_____
3. Will this be a "stand alone" Contract Store? ☐Yes ☐No. If no, describe other associated business.

   _____

   _____

4. Is the applicant a party to any legal claim or lawsuit?
   ☐ Yes ☐ No
5. Is the applicant subject to any outstanding liens? If so, please describe. _____

   _____

   _____

6. Are any taxes currently past due by Applicant? ☐ Yes ☐ No
7. Has Applicant ever declared bankruptcy? ☐ Yes ☐ No
8. Is Applicant contingently liable as a guarantor or endorser?
   ☐Yes ☐No If yes, please list_____
9. Have you ever been refused a bond? ☐Yes ☐No If yes, provide details.

   _____

   _____

10. Are you a past or present Washington State employee? ☐Yes ☐No
    If yes, list name, dates of employment, and last employer.

    _____

    _____

11. Do you have a current and/or previous government (federal, state, local) contract?
☐Yes ☐No If yes, explain._____

_____

12. Do you now, or have you ever had a license issued by the Liquor Control Board?
☐Yes ☐No. If yes, please identify the type of license.

_____

13. Are you aware of any information in your credit history that may disqualify this application?
☐Yes ☐No If yes, explain.

_____

_____

14. Are you a high school graduate or have you passed a general education development (GED) test?
☐Yes ☐No

15. List post high school training, including college, business technical school, military training, and other relevant education.

School Name/Employer	Degree/Training

Provide below the names of four professional references, who have been associated with you for at least three years. All persons to whom you refer may be asked to appraise your character, ability, experience, personality, and other qualities.

Reference Name	Business Phone ( )	Residence Phone ( )
Address		

Reference Name	Business Phone ( )	Residence Phone ( )
Address		

Reference Name	Business Phone ( )	Residence Phone ( )
Address		

Reference Name	Business Phone ( )	Residence Phone ( )
Address		

Note: After initial screening, you may be required to submit other financial documents. If applying as a sole proprietor, we require 3 years Federal Tax Returns. If applying in current registered corporation name, we require 1 years (past 12 months) Income Statements and 3 months (past 90 days) Accounts Payable and Accounts Receivable statements.

Release of Information/Certification

I hereby certify, with my signature, the above information is true and accurate. My signature also authorizes WSLCB to obtain criminal history checks, if necessary; to check the credit of the corporation business and its' principals; to obtain a credit report; and to verify any responses provided above(per my completed Waiver and Authorization to Release Information). Such information will be used by WSLCB and it's contracting process. Some or all of the information may be defined as public information and also be disclosed to third parties when requested according to state law and departmental policy to the extent that such information is not privileged from such disclosure by state or federal credit protection law.

Signature_____Date _____.

Name (Please Print) _____ Social Security # _____

Washington State
Liquor Control Board

Licensing and Regulation
PO Box 43098
Olympia WA 98504-3098
Phone: (360) 664-1600
Fax: (360) 753-2710

Liquor License No.

Financial Statement for Person or Entity Loaning, Gifting, or Investing Money

Please type or print clearly in dark ink. Complete all spaces or print N/A in spaces that do not apply. Attach additional sheets as needed in same format.

NAME OF BUSINESS AND PERSON TO WHICH MONEY IS BEING LOANED, GIFTED OR INVESTED::	

YOUR NAME/ENTITY NAME: *Last*	*First*	*Middle*
DOB:	DAY PHONE ( )	

MAILING ADDRESS: *Street/Route/PO Box*	*City*	*County*	*State or Country*	*Zip Code*

EMPLOYMENT HISTORY OR DATES ENTITY HAS BEEN IN BUSINESS

EMPLOYMENT HISTORY (List employment, self-employment, military service, school attendance or unemployment for the last **5 years**).

Dates From - To:	**Title:**	**Employer/School**
ADDRESS: Street or Route	**City**	**State or Country**
Dates From - To:	**Title:**	**Employer/School**
ADDRESS: Street or Route	**City**	**State or Country**
Dates From - To:	**Title:**	**Employer/School**
ADDRESS: Street or Route	**City**	**State or Country**

ASSETS

A BANK and INVESTMENT ACCOUNTS (List all bank and investment accounts you have signature authority over, and any accounts of which you are the beneficiary).

BANK NAME	ACCOUNT TYPE	ACCOUNT NUMBER	BALANCE	AUTHORIZED SIGNATURE(S)
1.				
2.				
3.				
4.				

B INCOME	**SELF/ENTITY**	**SPOUSE** (if applicable)
MONTHLY SALARY	$	$
AVERAGE MONTHLY	$	$
OTHER MONTHLY INCOME	$	$

Original - Agency Copy - Applicant

	Liquor License No.

C	TOTAL CASH OTHER THAN IN BANK: $	LOCATION OF CASH:

D REAL ESTATE OWNED

ADDRESS OF PROPERTY COVERED	COUNTY	TOWNSHIP/RANGE / SECTION	TITLE IN NAME OF	VALUE OF LAND AND/OR BUILDING	MONTHLY RENT PAID TO YOU

E NOTES AND ACCOUNTS RECEIVABLE (Moneys owed to you and/or your business - - including this loan)

FROM WHOM (Full name, address)	MONTHLY PYMT	CURRENT BALANCE	DUE DATE

LIABILITIES

A MORTGAGES AND CONTRACT OWING (Including rent/lease payments)

ADDRESS OF PROPERTY COVERED	FULL NAME OF LENDER / LANDLORD	CURRENT BALANCE	MONTHLY PYMT

I certify that this Financial Statement is true and accurate as of this date. I hereby authorize investigation of my financial records and other sources as necessary.

Signature	Print Name	Date

Original - Agency Copy - Applicant

Washington State Liquor Control Board

Licensing and Regulation Division
PO Box 43098
Olympia WA 98504-3098
Phone: (360) 664-1600
FAX: (360) 753-2710
www.liq.wa.gov

_____
Trade Name

_____
License Number

_____
UBI Number

AUTHORIZATION TO DISCLOSE AND FURNISH
COPY OF RECORD

To: Financial Institution(s); Utility Providers(s); Business (es); engaged in lending, arranging or closing loans and real estate transactions

This form authorizes release of any and all information, including photocopies, to the Washington State Liquor Control Board (WSLCB) or its representatives, regarding either myself or any business account with which I am connected, and to furnish information concerning my financial responsibility.

The purpose of this authorization is to aid the WSLCB in the financial investigation of the application for a license. RCW 66.24.010(2)

If this authorization is not sufficient to obtain access to certain records, it is understood that I may be requested to execute some other appropriate authorization or release and that any failure to do so may be taken into consideration by the WSLCB in its review of the license application.

I understand and give my permission for a credit check to be completed if it is deemed necessary as part of the financial investigation.

A copy of this authorization will constitute a duplicate original and as such shall have the same effect and authorization as the original.

I understand that I may revoke this authorization in writing at any time and the WSLCB may take any such revocation of this authorization into consideration in its review of the license application.

I release the providers and users of the information collected pursuant to this authorization from any liability under state or federal privacy laws and further release the state of Washington, its officers, agents and employees from any liability, which may be incurred as a result of the collection and use of the information.

This authorization will automatically expire upon completion of the investigation.

Signature _____ Print Name _____

Date _____

State of Washington, County of _____

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument and acknowledged it to be (his/her) free and voluntary act for the uses and purposes mentioned in the instrument.

Dated _____

Seal or Stamp

_____
Signature of Notary Public

_____
Print Name

_____
Title

My appointment expires: _____

Washington State
Liquor Control Board

PERSONAL/CRIMINAL HISTORY STATEMENT FOR EMPLOYMENT APPLICANTS

This form will be used by the Washington State Liquor Control Board (WSLCB) to perform a criminal background check for persons seeking employment with the WSLCB. Criminal convictions do not necessarily bar you from employment. However, untruthful responses are grounds for your rejection.

Please type or print clearly in dark ink. Complete all spaces or print N/A in spaces that do not apply. Attach additional sheets as needed using the same format.

(for official use only)

Today's Date: _____

Position Classification: _____

Division/Unit: _____

Hiring Manager: _____

Recruiter (only for HQ & DC): _____

District Manager (if applicable): _____

Store Number (if applicable): _____

Scan form to **LRED@liq.wa.gov** or fax (360) 704-5054

PERSONAL STATEMENT

NAME: *Last* *First* *Middle* *Maiden*

OTHER NAMES USED: SOCIAL SECURITY NUMBER PREVIOUS SOCIAL SECURITY NUMBER

HOME MAILING ADDRESS: *City* *County* *State or Country* *Zip Code*

E-MAIL ADDRESS: HOME PHONE: ( ) WORK PHONE: ( ) Cell PHONE: ( )

BIRTHDATE: Month/Day/Year PLACE OF BIRTH: City County State or Country

SEX: RACE: HEIGHT: WEIGHT: EYE COLOR: HAIR COLOR: DRIVER'S LICENSE NUMBER & STATE OF ISSUE:

ARE YOU A U.S. CITIZEN? ☐ YES ☐ NO If NO, give alien registration/entry visa/work permit number(s): PORT OF ENTRY: DATE OF ENTRY: Month/Day/Year

MILITARY SERVICE: COUNTRY OF MILITARY SERVICE: TYPE OF DISCHARGE:
Branch
Dates of service to

RESIDENCE INFORMATION

List all addresses where you have resided for **the last 10 consecutive years.** List current residence first. **If more space is needed, attach additional sheets using same format.**

Dates:
From **To** Street Address:
City: County: State: Zip Code: Country:

Dates:
From **To** Street Address:
City: County: State: Zip Code: Country:

Dates:
From **To** Street Address:
City: County: State: Zip Code: Country:

Dates:
From **To** Street Address:
City: County: State: Zip Code: Country:

EMPLOYMENT HISTORY

List employment, self-employment, military, unemployment and school attendance for the last ten (10) consecutive years. If more space is needed attach additional sheets in the same format.

Dates: Title: Supervisor
From To
Employer/School: Street Address:

City County State Zip Code Country

Dates: Title: Supervisor
From To
Employer/School: Street Address:

City County State Zip Code Country

Dates: Title: Supervisor
From To
Employer/School: Street Address:

City County State Zip Code Country

CRIMINAL HISTORY STATEMENT

Untruthful responses OR omission of information are grounds for rejection for this, and further employment opportunities at the WSLCB. Answering yes will not automatically bar you from employment. Please answer the following questions.

NOTE: When answering the questions below, be sure to include traffic violations like driving while license suspended, negligent or reckless driving, and other criminal traffic offenses. Exclude minor traffic violations such as seat belt, license tab, speeding, and parking infractions etc. Please choose yes, even if charges were dismissed, deferred, or changed.

Question: Within the past 10 years have you:

1. Been arrested or cited? ☐ Yes ☐ No
2. Been charged with a crime? ☐ Yes ☐ No
3. Been convicted of a crime? ☐ Yes ☐ No
4. Been placed on probation? ☐ Yes ☐ No
5. Forfeited bail or paid a fine over $50? ☐ Yes ☐ No

If you answered YES to any of the above, please explain each charge fully below attaching additional sheets as needed. False or incomplete information may result in denial of further consideration for employment. If you are unsure of your criminal history dates, you can refer to the WA State Patrol WATCH Program at http://www.wsp.wa.gov/crime/crimhist.htm.

OFFENSE DATE	OFFENSE	CITY	COUNTY	STATE	DISPOSITION AND DATE

CERTIFICATION

All of the information on this form is true and accurate to the best of my knowledge. I understand that the information I have provided will be verified. I also understand that a **deliberate misstatement or omission of fact(s) will be grounds for removal** from the eligibility list for this position, and for removal from the position, if hired. I understand that this form is the property of the Washington State Liquor Control Board.

Signature

Print Name: Date Signed:

Washington State Liquor Control Board

Licensing and Regulation Division
PO Box 43098
Olympia WA 98504-3098
Phone: (360) 664-1600
FAX: (360) 753-2710
www.liq.wa.gov

Trade Name _____

License Number _____

UBI Number _____

Affidavit of Financial Loan

This affidavit serves to provide information to the Washington State Liquor Control Board regarding the review of a liquor license application (RCW 66.08.140).

The below named financial institution has completed this form and given final approval of a financial loan for:

Name of Person(s) or Entity Approved for Loan: _____

Loan or Account Number: _____

Amount of Loan: _____

Repayment Plan (to include balloon payments and interest percentage):

_____

Collateral or Security: _____

Date Loan was finalized: _____

_____
Financial Institution Name

_____
Phone Number of Representative

_____
Authorized Signature/Title

_____
Print name

_____
Date

Washington State
Liquor Control Board

Instructions:
Please complete survey and return with other materials in your Application packet.

Please Type or Print Clearly **2011 PROSPECTIVE CLS MANAGER INFORMATION SURVEY**

If your business is registered under multiple tradenames, please list all tradenames.

Business Name/Tradename(s):

_____

Name of Prospective CLS Manager:

_____
Last Name First Name MI

Mailing Address:

_____
Street Address City State Zip

Physical Address:

_____
Street Address City State Zip

Phone:
Day : _____ Evening: _____
Business Email Address:

_____

Do you have a Beer/Wine license? _____ **If yes, License #:** _____

Are you a business registered with the State of Washington?

__ Yes **If yes, select one to indicate type of business registered:**
__ Sole proprietor
__ Limited Liability Corporation (LLC)
__ Profit Corporation
__ Other (please describe): _____

__ No **If no, explain:** _____

Are you currently in good standing with the following state departments (check if yes):

__ **Employment Security** **If no, please comment:** _____
__ **Labor and Industries**
__ **Licensing**
__ **Revenue**
__ **Secretary of State**

Please provide your Unified Business Identification (UBI) Number ***(must be 9-digits & usually starts with 600 or 601):*** _____
If applicable, please provide your federal Tax Identification Number (TIN): _____

Conflict of Financial Interest Statement
Please list any business in which you have financial interest that meets ANY of the following criteria. **a) Business has financial interest, direct or indirect, relating to the sale of beer, wine or spirits.** **b) Business has financial interest, direct or indirect, related to the distribution of beer, wine, or spirits.** **c) Business has financial interest, direct or indirect, related to the manufacturing of beer, wine, or spirits.** *For example: You own a business (store, etc.) where beer is sold; or have stock in a liquor, beer or wine distributor.*
Please list applicable business(es), if you have no conflict of interest, please enter N/A:
Prospective CLS Manager Signature

Print Name/Title

Proposed Location of CLS

Signature

Date

Washington State Liquor Control Board

Licensing and Regulation
PO Box 43098
Olympia WA 98504-3098
Phone: (360) 664-1600
Fax: (360) 753-2710

Limited Liability Company Information

Limited Liability Company (LLC) Information

Limited liability companies must be registered with the Washington Secretary of State.

Name of LLC		Telephone Number ( )
LLC Mailing Address: *Street, Route, or PO Box*	*City*	*State* *Zip Code*
UBI Number	Date of LLC Formation	State of Formation

Limited Liability Company Members and Managers

Name *(Last, First, Middle)*	Title	Date of Birth	Social Security Number
Home Address *(Street or Route, PO Box, City, State, Zip)*		Home Telephone No. ( )	% or Units Owned
Spouse *(Last, First, Middle)*	Date of Birth	Social Security Number	
Name *(Last, First, Middle)*	Title	Date of Birth	Social Security Number
Home Address *(Street or Route, PO Box, City, State, Zip)*		Home Telephone No. ( )	% or Units Owned
Spouse *(Last, First, Middle)*	Date of Birth	Social Security Number	
Name *(Last, First, Middle)*	Title	Date of Birth	Social Security Number
Home Address *(Street or Route, PO Box, City, State, Zip)*		Home Telephone No. ( )	% or Units Owned
Spouse *(Last, First, Middle)*	Date of Birth	Social Security Number	
Name *(Last, First, Middle)*	Title	Date of Birth	Social Security Number
Home Address *(Street or Route, PO Box, City, State, Zip)*		Home Telephone No. ( )	% or Units Owned
Spouse *(Last, First, Middle)*	Date of Birth	Social Security Number	

(Please attach additional sheets in same format if necessary.)

I hereby certify that there have been no changes in limited liability company members or managers that have not been reported to the Washington State Liquor Control Board, and that each member and manager is the real party of interest. The undersigned certifies on behalf of the limited liability company it is understood that a misrepresentation of fact is cause for rejection of this application or revocation of any license issued.

Name (please print) _____ Title _____

Signature _____ Date _____

The enclosed pictures represent what a modern Contract Liquor Store may look like.

These examples are characteristic of what would be considered for approval by the Liquor Control Board in the final selection process for a Contract Liquor Store Manager.

Contract Number «Contract_Number»
For
The Operation of Contract Liquor Store Number «CLS_NUMBER»
Between the
Washington State Liquor Control Board
and
«Name»

This Contract is made and entered into by and between the Washington State Liquor Control Board, hereinafter referred to as the "**WSLCB**", and the below named individual, hereinafter referred to as "**Contractor**", under the authority of RCW 66.08.050 (2), for the Operation of Level One Contract Liquor Store Number **«CLS_NUMBER»**.

Name: «Name»
Address: «address»
«City»
Phone: («Area_Code») «Prefix»-«AutoMergeField»
Email: «Email_Address_»
WA State UBI Number: «UBI_Number»

Contents

A. PURPOSE 3

B. SCOPE OF WORK 3

C. PERFORMANCE EXPECTATIONS 4

1 SIGNAGE 4
2 BANQUET PERMITS 4
3 INVENTORY LEVELS 4
4 DAMAGED MERCHANDISE 4
5 REQUIRED REPORTS AND FILING REQUIREMENTS 4
6 CONTRACTOR FILING SYSTEM REQUIRED 5
7 PENALTIES FOR LATE FINANCIAL REPORTING 6
8 AUDIT FINDINGS 6
9 COMPLIANCE-PERFORMED AS NOTED: 6
10 DISTRICT MEETINGS 6
11 INFORMATION TECHNOLOGY SECURITY REQUIREMENTS 7
12 PRODUCT ORDERING 7

13 PRICE LIST RESOURCE 7
14 CARRIER SURVEY 7
15 DEBIT/CREDIT MACHINES 7
16 CONTRACTOR AVAILABILITY 7
17 BEER AND/OR WINE PURCHASES 8
18 PUBLIC RECORDS & PUBLIC DISCLOSURE 8
19 EQUIPMENT 8
20 SUPPLIES 8

D. PERIOD OF PERFORMANCE 9

E. COMPENSATION 9

F. CONTRACT ADMINISTRATION 10

G. ORDER OF PRECEDENCE 10

H. APPROVAL 11

EXHIBIT A - 12

1. DEFINITIONS 12

2. CONTRACTOR'S RESPONSIBILITIES 14

2.1 ESTABLISHED BUSINESS 14
2.2 CONFIDENTIALITY/SAFEGUARDING OF INFORMATION 14
2.3 HOURS OF OPERATION 15
2.4 LICENSEE ACCOUNTS 15
2.5 LICENSING, ACCREDITATION AND REGISTRATION 15
2.6 PRODUCT TRANSFER 15
2.7 PUBLICITY AND ADVERTISING 15
2.8 REGISTRATION WITH DEPARTMENT OF REVENUE 15
2.9 SALES OF LIQUOR 16
2.10 STORE LOCATION 16
2.11 RETURNING PRODUCT TO THE DISTRIBUTION CENTER 16

3. PRICING, INVOICE, AND PAYMENT 16

3.1 ADVANCE PAYMENTS PROHIBITED 16
3.2 OVERPAYMENTS TO CONTRACTOR 16
3.3 STATEWIDE VENDOR PAYMENT REGISTRATION 16
3.4 TAXES, FEES AND LICENSES 16

4. CONTRACT ADMINISTRATION 17

4.1 AMENDMENTS 17
4.2 ASSIGNMENT 17
4.3 CHANGES 17
4.4 CONFORMITY 17
4.5 CONTRACTOR COMMITMENTS 17
4.6 ENTIRE AGREEMENT 17
4.7 GOVERNING LAW 18
4.8 INDEPENDENT CAPACITY OF THE CONTRACTOR 18
4.9 LIMITATION OF AUTHORITY 18
4.10 RETENTION OF RECORDS 18
4.11 SUBCONTRACTING PROHIBITED 18
4.12 SUPERVISION AND COORDINATION 18
4.13 SURVIVORSHIP 19
4.14 SEVERABILITY 19

5. DISPUTES AND REMEDIES 19

5.1 GOOD FAITH DISCUSSION 19
5.2 ALTERNATIVE DISPUTE RESOLUTION FEES AND COSTS 19
5.3 FORCE MAJEURE 19
5.4 LIMITATION OF LIABILITY 20
5.5 NON-EXCLUSIVE REMEDIES 20

6. CONTRACT TERMINATION 20

6.1 APPEAL OF TERMINATION 20
6.2 MATERIAL BREACH 21
6.3 OPPORTUNITY TO CURE: 21
6.4 TERMINATION AT CONTRACTORS REQUEST 22
6.5 TERMINATION BY MUTUAL AGREEMENT 22
6.6 TERMINATION FOR CAUSE 22
6.7 TERMINATION FOR CONFLICT OF INTEREST 23
6.8 TERMINATION FOR NON-ALLOCATION OF FUNDS 23
6.9 TERMINATION FOR WITHDRAWAL OF AUTHORITY 23
6.10 TERMINATION PROCEDURES 23

7. GENERAL PROVISIONS 24

7.1 AMERICANS WITH DISABILITIES ACT (ADA) OF 1990, PUBLIC LAW 101-336, ALSO REFERRED TO AS THE "ADA" 28 CFR PART 35 24
7.2 ASSURANCES 24
7.3 ATTORNEYS' FEES 24
7.4 BANKING REQUIREMENTS 24
7.5 COMMENCEMENT OF WORK 24
7.6 CONFLICT 24
7.7 CONTRACT LIQUOR STORE EMPLOYEES 24
7.8 GIFTS AND GRATUITIES 24
7.9 INDEMNIFICATION 24
7.10 INSURANCE 25
7.11 LEGAL NOTICES 26
7.12 LIENS, CLAIMS AND ENCUMBRANCES 26
7.13 LIQUOR AVAILABILITY 26
7.14 NONDISCRIMINATION 26
7.15 OSHA AND WISHA REQUIREMENTS 27
7.16 PERSONAL LIABILITY 27
7.17 PRIVACY 27
7.18 RIGHT OF INSPECTION 27
7.19 SHIPPING 27
7.20 SHORTAGES 27
7.21 TRAINING 28
7.22 TREATMENT OF ASSETS 28
7.23 WAIVER 28

EXHIBIT B 29

EXHIBIT C 31

A. PURPOSE

The purpose of this Contract is to enter into an agreement for the Operation of a Level One Contract Liquor Store.

B. SCOPE OF WORK

Exhibit A, attached hereto and incorporated by reference, contains the General Terms and Conditions governing the work to be performed under this Contract, the nature of the working relationship between the WSLCB and the Contractor, and specific obligations of both parties.

The Contractor shall provide and otherwise do all things necessary for or incidental to the performance of work, as described in this document with the exception of those items expressly stated herein as supplied by the WSLCB.

C. PERFORMANCE EXPECTATIONS

The Contractor shall comply with the following Performance Expectations:

1 Signage

Exterior Signage

- The Contractor shall affix the "WSLCB Logo" window cling, or equivalent sign provided by the WSLCB, on the front window of the Contract Liquor Store. The "WSLCB Logo" window cling shall be provided by the WSLCB.
- The Contractor shall post an exterior sign that is visible to the public. The Contractor is responsible for all costs associated with exterior signage.

Interior Signage

The Contractor shall post the following WSLCB supplied signage in the interior of the Contract Liquor Store:

Form Number	Name of Form
CIB 070	Check All ID's 30 and Under
LIQ 061	Acceptable ID
LIQ 874	Age 21 Cling
LIQ 454	It's the Law
AAP-8	Fetal Alcohol Syndrome

In the event of a change, the WSLCB shall make the most current version of the aforementioned signage available to the Contractor.

2 Banquet Permits

Contractor shall comply with the Banquet Permit process by following the steps listed below. For specific details, please see Banquet Permit in the Definitions section.

- Utilize WSLCB-provided Banquet Permit form.
- Collect appropriate fees
- Log transaction in a banquet permit log
- Keep complete transaction history on file, for a minimum of two years, for auditor review.

3 Inventory Levels

The Contractor is required to operate within the Inventory Turn guidelines set by the WSLCB. Inventory turn guidelines are sent to the Contractor on a monthly basis covering a rolling twelve (12) months. Guidelines may be suspended at the sole discretion of the WSLCB.

4 Damaged Merchandise

Damaged Merchandise shall be held until a WSLCB auditor or District Manager verifies destruction of damaged Merchandise.

5 Required Reports and Filing Requirements

The WSLCB requires that the Contractor submit certain reports in a timely manner, in order to be in compliance with the Contract. Time is of the essence in the timely submission of reports, to

accurately reflect Contractor's actions and sales. Reports submitted through the Contract Liquor Store Reporting System (CLSRS) must be in the format provided in the CLSRS. The Contractor shall submit the reports listed below within the timelines specified for each report. If reports are not submitted in compliance with the deadlines, penalties may be imposed (see section C part 7).

a. **Weekly Sales Report** submitted via the CLSRS, on or before Tuesday of each week, for sales made the preceding week.
b. **Monthly Transaction Summary** submitted, in the format provided by the WSLCB, via e-mail to WLSCB Merchandise Accounting on or before the third calendar day after the end of each month. If the third calendar day falls on a Sunday or a holiday, then the Monthly Transaction Summary must be transmitted no later than noon on the next business day.
c. **Month–End Weekly Sales Reports** submitted via the CLSRS on or before the second calendar day after month end. If the second calendar day falls on a Sunday or a holiday, then it must be transmitted no later than noon on the next business day.
d. **Monthly Inventory Count** submitted via the CLSRS on or before the 5th calendar day of each month. If the 5th calendar day falls on a Sunday or a holiday, then the inventory must be transmitted by noon of the next business day.
e. **Monthly Inventory Count Corrections** submitted via the CLSRS on or before the 8th of each month. If the 8th falls on a Sunday or a holiday, then the report must be submitted no later than noon on the next business day.
f. **Transfers** reported via the CLSRS within two calendar days of the date of delivery of the transfer. If the second day falls on a Sunday or holiday, then the transfer must be reported by noon of the next business day. If a transfer occurs on the last day of the month, it must be reported that same day.
g. **Monthly Damaged Merchandise Report** submitted via the CLSRS at least once per month if damaged Merchandise exists.
h. **Shipment Discrepancies** When shipment discrepancies occur, they are to be listed on a Liq524 and sent via e-mail to the WSLCB Distribution Center within two days of receiving shipment. If the second day falls on a Sunday or a holiday, then the Shipment discrepancies must be transmitted by noon on the next business day.
i. **Shipping Damage Claims** must be submitted via the CLSRS within two calendar days after receiving a damaged shipment. If the second day falls on a Sunday or a holiday, then the shipping damage claim must be transmitted by noon of the next business day.
j. **Damaged Merchandise Report "Claim to Carrier"** requests must include the required signed Carrier Bill of Lading notating the damage, and must be to Merchandise Accounting in Olympia within two calendar days after receiving the weekly shipment. If the second day falls on a Sunday or a holiday, then the signed Bill of Lading must be sent on the next business day.

The WSLCB reserves the right to modify the above reporting requirements through a written amendment to this contract.

6 Contractor Filing System Required

A filing system must be in place, containing required content for auditing purposes (monthly reports, licensee invoices, daily journals, bills of lading discrepancy corrections).

7 Penalties for Late Financial Reporting

Penalties for late Monthly Transaction Summaries, Month-end, Full or partial Weekly Sales Reports, Monthly inventory count:

- A Penalty/Late Fee based on a rolling 12 month period may be deducted from commissions. Each infraction may result in individual penalty by report.
  - 1st Occurrence – Cure Letter (letter will reference penalty of $250 for 2nd Occurrence)
  - 2nd Occurrence - $250 reduction in next month's commission compensation.
  - 3rd Occurrence - $1,000 reduction in next month's commission compensation.

8 Audit Findings

If the Contractor receives an unsatisfactory audit finding, the Contractor may be provided a corrective action plan approved by the WSLCB to address audit findings. Failure to comply with the corrective action plan may result in a formal cure process. At the discretion of the WSLCB, when the audit finding shows fraud or theft by the Contractor, no opportunity for a corrective action plan may be provided.

9 Compliance-Performed as Noted:

Contractor and Employees must ensure the responsible sale and consumption of Liquor. Liquor Enforcement Officers and local police officers will conduct random, ongoing, Compliance Checks regarding sales to a minor. Any Compliance Check failure may result in a cure process to address the deficiencies.

Employees and the Contractor are subject to a criminal citation from the WSLCB Enforcement office or local law enforcement for any illegal sales.

The WSLCB may impose a financial penalty against the Contractor for an illegal sale. This penalty will be taken out of the monthly compensation.

The following penalties may be imposed upon the Contractor for illegal sales of Liquor within a given thirty six month time period:

- 1st Offense: A one-time $500 reduction in monthly compensation regardless of whether the Contractor or Employee makes an illegal sale. The $500 penalty may be waived if the Contractor implements a WSLCB-approved ID verification system.
- 2nd Offense: A one-time $1000 reduction in monthly compensation if an Employee makes an illegal sale. If the Contractor makes an illegal sale, a one-time $2500 reduction in monthly compensation shall apply. If an Employee makes more than one illegal sale within a thirty-six (36) month period, the individual may be banned from future Liquor sales.
- 3rd Offense: A one-time $10,000 reduction in monthly compensation regardless of whether the Contractor or Employee makes the illegal sale.

The WSLCB reserves the right to modify penalties imposed upon the Contractor for illegal sales up to and including termination of the contract. Aggravating or mitigating factors may be taken into consideration when determining an appropriate penalty.

10 District Meetings

The Contractor must attend a minimum of two district teleconference meetings and be physically present at one (1) CLS District Meeting annually. The District Manager can agree to a designee attending in lieu of the Manager. The teleconference will be scheduled at least one week in

advance. The WSLCB will provide the telephone number to call to attend the teleconference. The WSLCB will schedule the in person CLS District Meetings at least two weeks in advance.

11 Information Technology Security Requirements

The WSLCB will ensure if information technology equipment is provided by the WSLCB, that information technology security controls are in place and in line with Information Services Board Security Standards. Security controls include: turning on the Windows Firewall, installation of Antivirus software, and monthly security software patches. These services will be set to automatically update the software. The computer provided to the Contractor will alert the Contractor if a reboot is necessary. The Contractor shall reboot their computer if an alert is received. The Contractor must contact the WSLCB IT Service Desk immediately of any security threat notifications (e.g. virus, malware, etc.) or errors. Configuration set by WSLCB may not be not be modified by the Contractor.

12 Product Ordering

The Contractor shall place timely orders, in alignment within the deadlines set by WSLCB, for the WSLCB-provided Liquor items offered by the Contractor for sale. Contractor is responsible for verifying the accuracy of orders and making corrections during the pre-order process. No Supplemental Orders are allowed unless an emergency situation exists as approved by the WSLCB.

13 Price List Resource

The WSLCB provides the Price Book and the Price List. Both are available on the WSLCB website. The WSLCB will provide one hard copy of the Price List each month. The Price List is provided for the Contractor to use as a reference to ensure correct prices are listed on products sold. The Contractor must verify on a monthly basis that product is being sold at the prices set by the WSLCB.

The Contractor will sell the WSLCB-provided Liquor to retail customers and all eligible Licensees on the Contract Liquor store premises at prices set by the WSLCB.

14 Carrier Survey

Upon implementation of the WSLCB/CLSRS on-line reporting portal, Contractor will be required to submit the weekly carrier survey on or before the second day following the receipt of shipment.

15 Debit/Credit Machines

The Contractor may accept debit or credit cards for sales of WSLCB-provided product at the CLS. If Contractor chooses to allow credit or debit cards to be used to purchase liquor, the WSLCB will provide the equipment, installation and maintenance of the equipment necessary to implement the acceptance of credit and debit cards for liquor purchases. Any equipment provided by the WSLCB to Contractor for this purpose may only be used for the purchase of liquor made available for sale by WSLCB.

The Contractor must comply with WAC 314-37-030 if debit or credit cards are accepted for the purchase of products provided by the Board.

16 Contractor Availability

Contractor must be physically present in the CLS for all audits and District Manager visits and as necessary for all operational requirements as stated in this Contract. When the Contractor is required to be in attendance for a District Manager visit, the WSLCB will provide one weeks' notice prior to the visit.

If the Contractor will be unavailable, for a period greater than three (3) days, to be onsite for audits or District Manager visits, the contractor shall provide advance notice to the WSLCB of the dates Contractor will not be available.

17 Beer and/or Wine Purchases

The Contractor may apply for a license to sell beer and/or wine by applying for a Beer/Wine Specialty Shop Retail License under RCW 66.24.371.

If licensed, the Contractor may sell beer and/or wine by either:

1) Purchasing beer and/or wine from a licensed distributor or winery as allowed by law, OR
2) Obtaining all beer and/or wine from the WSLCB. If provided by the WSLCB, the Contractor will only be allowed to order Products Listed in the current Price List.

The Contractor shall not be allowed to simultaneously sell beer provided by a distributor or brewery and beer provided by the WSLCB. The Contractor shall not be allowed to simultaneously sell wine provided by a distributor or winery and wine provided by the WSLCB.

In the event the Contractor chooses to change supply sources from WSLCB-provided beer and/or wine to distributor or vice versa, the Contractor must provide 30-days written notice to the WSLCB. Contractor must completely deplete existing stock prior to transitioning to new supply source.

Note: The intent of this section is to ensure that the WSLCB can account accurately for inventory.

18 Public Records & Public Disclosure

The Contractor is required to comply with public disclosure requests for records relating to sales of WSLCB-provided Liquor. In the event that Contractor receives a public records request directly, the Contractor shall immediately forward the request to the WSLCB. The Contractor shall take no further action on the public records request unless otherwise directed. The WSLCB may require Contractor to supply records in order for the WSLCB to respond to a request.

19 Equipment

The WSLCB will provide Contractor with one (1) phone line for use with the equipment provided by the WSLCB to process credit card and debit card transactions, in accordance with Section C Part 15.

The WSLCB may also provide the Contractor with the following, or equal:

- Computer
- Monitor
- Modem
- Printer /Copier/Scanner
- 3.5” 1.44MB floppy drive
- Contract Liquor Store Reporting System (CLSRS)

The above equipment may change based on current and/or future business needs of the WSLCB.

20 Supplies

The WSLCB will provide the Contractor with:

- Paper Bags
- Receipt Paper for Debit/Credit Transactions
- Deposit Slips/Book
- Endorsement Stamp

- Bank of America Deposit Bags, if applicable
- WSLCB window cling or equivalent
- Shelf Tickets

Contractor is responsible for providing all other things necessary for the operation of a Contract Liquor Store in accordance with this Contract.

All WSLCB-provided supplies shall be used solely for the sale of WSLCB-provided products.

D. PERIOD OF PERFORMANCE

The initial period of performance under this Contract will be from June 30, 2011 through June 30, 2016.

The WSLCB reserves the right to extend this Contract for subsequent periods of performance if in compliance with applicable state laws and in the best interest of the WSLCB. All extensions shall be subject to mutual agreement and shall be in writing. The maximum Period of Performance under this Contract shall not exceed ten (10) years.

E. COMPENSATION

Compensation for the operation of a Level One Contract Liquor Store shall be as follows:

The Contractor shall be paid a Base Rate and a Commission on or about the tenth (10th) day of the month following the month of sale, provided all required reports have been submitted. Payment will not be remitted until receipt of the following reports as set forth in the Performance Expectations: Month–End Weekly Sales Report, Weekly Sales Report, Monthly Transaction Summary, and Monthly Inventory Count.

The Base Rate and Commission paid shall be in accordance with the following tables:

Base Rate- The Base Rate is calculated using the monthly average Net Sales for the prior Fiscal Year.	
Monthly Average Net Sales	Base Rate
Under $5,000	$ 480.00
$ 5,000 to $10,500	$ 530.00
$10,501 to $21,000	$ 550.00
$21,001 to $39,999	$ 570.00
$40,000 to $59,999	$ 590.00
$60,000 to $69,999	$ 610.00
$70,000 and Over	$ 630.00

Commission- The Commission percentage is based on monthly Net Sales at the following rates:	
Monthly Net Sales	Percentage
Under $10,500	22.07 %
$10,501 to $21,000	8.21 %
$21,001 and Over	6.45 %

Payment by the WSLCB shall be made through direct deposit to the Contractor's Bank Account.

Any operating shortages verified by formal audit may be deducted from any compensation due and owing the Contractor until the amount of the shortage is paid in full. The WSLCB reserves the right to withhold commission payments pending completion of an audit.

<u>Supply Allowance</u>

The WSLCB will provide Contractor a Supply Allowance for each month Contractor sells WSLCB-provided Spirituous Liquor. The Supply Allowance shall be provided in a lump sum at the end of each Fiscal Year. Supply Allowances shall not be paid in advance.

Supply Allowance- The Supply Allowance shall be based on annual Net Sales	
Annual Net Sales	Monthly Supply Allowance
Under $400,000	$11.00
$400,000 to $900,000	$18.00
Over $900,000	$24.00

Adjustments to Commission

Commission rates may be reviewed before July 1 of even years and the compensation rates may be adjusted by the WSLCB, with input from the Contractors Managers Advisory Committee. Timelines may be modified based on a mutual agreement.

All proposed compensation adjustments must be approved by the WSLCB and by the Director of Office of Financial Management, in accordance with RCW 66.08.026.

F. CONTRACT ADMINISTRATION

All authorized communication regarding this Contract shall occur between the Contractor's Authorized Representative or designee and the WSLCB Contract Administrator or designee.

Contractor's Authorized Representative	**WSLCB Contract Administrator**
Contractor's Authorized Representative «Name» «address» «City» Phone: (509«Area_Code») 882«Prefix»-1077«AutoMergeField» Email address: «Email_Address_»	Victoria Wiley Washington State Liquor Control Board PO Box 43090 Olympia, WA 98504 Phone: (360) 664-1707 Email address: vsw@liq.wa.gov

G. ORDER OF PRECEDENCE

Each of the items listed below is hereby incorporated into this Contract. In the event of an inconsistency in this Contract, the inconsistency shall be resolved by giving precedence in the following order:

1. Applicable federal and state of Washington statutes and regulations
2. Special terms and conditions as contained in this basic Contract instrument
3. Exhibit A – General Terms and Conditions
4. Exhibit B- WSLCB Board Policy BP-01-2009 Prohibition of References to Energy Drinks
5. Exhibit C WSLCB Board Policy BP-01-2010 Restricted Products
6. Any other provision, term or material incorporated herein by reference or otherwise incorporated

H. APPROVAL

The signatories to this Contract represent that they have the authority to bind their respective organizations to this Contract.

In Witness Whereof, the parties hereto, having read this Contract in its entirety, including all attachments, do agree in each and every particular and have thus set their hands hereunto.

Contractor *Signature* *Date*		**Washington State Liquor Control Board:** Signature Date	
Print Name		Print Name	Pat Kohler
Title	Contractor	Title	Agency Administrative Director
Washington State Liquor Control Board: *Signature* *Date*		**Washington State Liquor Control Board:** Signature Date	
Print Name	Chris Liu	Print Name	James Lunsford
Title	Director of Retail Services	Title	Contracts and Support Services Manager

EXHIBIT A -

GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

As used throughout this Contract, the following terms shall have the meaning set forth below:

A. "WSLCB" shall mean the Liquor Control Board of the State of Washington, any division, section, office, unit or other entity of the WSLCB, or any of the officers or other officials lawfully representing that WSLCB.

B. "Agent" shall mean the WSLCB Administrative Director, and/or the representative authorized in writing to act on the Director's behalf.

C. "Amendment" -- For the purposes of this Contract, shall mean an agreement between the parties to change this Contract after it is fully signed by both parties. Such agreement shall be memorialized in a written document describing the agreed-upon change including any terms and conditions required to support such change. An Order Document shall not constitute an Amendment to this Contract.

D. "Banquet Permit" – shall mean the permit required to allow the service and consumption of Liquor at a private, invitation-only banquet or gathering in a public place or club. A banquet permit can be obtained at any State or Contract Liquor Store. Banquet permits are sold at increments of $10 per day with the total cost to the customer dependent upon the total number of consecutive days the permit is to be used at a specific location. Liquor consumed at the event may not be sold under a Banquet Permit; it must be provided free of charge by a sponsor, or brought to the event by those attending. (See also Chapter 314-18 WAC)

E. "Business Days" -- Monday through Friday, 8:00 a.m. to 5:00 p.m., Pacific Time, except for holidays observed by the state of Washington.

F. "Calendar Days" -- Consecutive days of the year including weekends and holidays, each of which commence at 12:00:01 a.m. and end at Midnight, Pacific Time. When "days" are not specified, Calendar Days shall prevail.

G. "Carrier" -- Liquor Delivery Company (trucking company), contracted by the WSLCB to deliver Liquor shipments to State and Contract Liquor Stores.

H. CLSRS—Contract Liquor Store Reporting System (CLSRS) used for submitting required reports.

I. "Compliance Check" – An enforcement operation utilizing an individual under the age of 21 to enter a licensed premises, State Liquor Store , and /or Contract Liquor Stores to attempt the purchase of Liquor or tobacco as a method to determine compliance with laws regarding sales of Liquor and/or tobacco to minors.

J. "Contract" -- An agreement, or mutual assent, between two or more competent parties with the elements of the agreement being offer, acceptance, consideration, and legal binding effect.

K. "Contract Liquor Store (CLS)" -- A Liquor store managed and operated by an independent Contractor under a formal Contract with the WSLCB. (See also RCW 66.04.010)

L. “Contractor (Contractor)” -- An independent Contractor selected by the WSLCB to sell Liquor on behalf of the WSLCB.

M. “Contract Administrator” -- The primary contact for the WSLCB regarding this Contract.

N. “Contract Manager Advisory Committee (CMAC)” -- an advisory group, comprised of voluntary, selected CLS Managers and WSLCB staff formed to discuss, under set meeting dates, business topics or actions relevant to all CLS Managers.

O. “Contractor’s Authorized Representative” -- An individual or agent designated by the Contractor to act on its behalf and with the authority to legally bind the Contractor concerning the terms and conditions set forth in Contract documents.

P. Damaged Merchandise – Merchandise that cannot be sold due to breakage, faulty contents, missing labels or customer returns.

Q. “Employee” -- For the purposes of this Contract, this shall mean a person employed by the Contractor.

R. “Equipment” – WSLCB-provided hardware and software.

S. “Fiscal Year” -- In Washington State, a 12-month period extending from July 1 of one calendar year to June 30 of the next calendar year.

T. “Level One Contract Liquor Store” -- A type of Contract Liquor Store. The typical characteristics include smaller retail markets with a commission structure comprised of a monthly base rate and commission percentage based on monthly net sales.

U. “Level Two Contract Liquor Store” -- A type of Contract Liquor Store. The typical characteristics include: locations near urban market areas, with a commission structure based on a flat percentage of monthly net sales.

V. “Licensee” -- A spirits, beer, and wine restaurant, spirits, beer, and wine private club, hotel, spirits, beer, and wine nightclub, and sports entertainment facility that purchase Liquor for their business purposes and receive a Licensee Discount.

W. “Licensee Discount” -- A discount that is granted to Licensees to purchase any spirituous Liquor items salable under such license from the board at a discount of not less than fifteen percent from the retail price fixed by the board, together with all taxes. (See also RCW 66.24.440)

X. “Liquor” -- Includes the four varieties of Liquor herein defined (alcohol, spirits, wine and beer), and all fermented, spirituous, vinous, or malt Liquor, or combinations thereof, and mixed Liquor, a part of which is fermented, spirituous, vinous or malt Liquor, or otherwise intoxicating; and every liquid or solid or semisolid or other substance, patented or not, containing alcohol, spirits, wine or beer, and all drinks or drinkable liquids and all preparations or mixtures capable of human consumption, and any liquid, semisolid, solid, or other substance, which contains more than one percent of alcohol by weight shall be conclusively deemed to be intoxicating. Liquor does not include confections or food products that contain one percent or less of alcohol by weight. (See RCW 66.04.010)

Y. “Merchandise” -- Any products, provided by the WSLCB, available for sale at a Contract Liquor Store, including but not limited to Liquor.

Z. “Net Sales” -- All gross Liquor sales by cash, check, debit or credit card, less discounts, plus banquet permits.

AA. “Price Book” -- WSLCB statewide published listing of monthly Liquor prices, Liquor tax breakdown and tax distribution, strength conversion chart, Merchandising symbols, and container sizes.

BB. “Price List” -- Electronic or hard copy listing of all WSLCB-set prices on Liquor products. Price lists are contained within the WSLCB Price book.

CC. “Property” – WSLCB property includes hardware, software, equipment, WSLCB-supplied Liquor, any undeposited receipts and any other Merchandise for sale provided by WSLCB.

DD. “Reasonable Security” -- Preventative measures to deter theft, shoplifting, and burglary/robbery.

EE. “Retail Customers” -- Customers who purchase Liquor for personal use at WSLCB listed prices.

FF. “Shortage” -- Loss of WSLCB-provided Liquor inventory value as determined by WSLCB audit.

GG. “Shortage Allowance” -- The ability of the Contractor to repay part of the Shortage value at cost.

HH. "Spirits" -- means any beverage which contains alcohol obtained by distillation, except flavored malt beverages, but including wines exceeding twenty-four percent of alcohol by volume.

II. “Supplemental Order” -- A Liquor order consisting of a minimum of 50 cases submitted by the Contractor, which is in addition to the regular weekly Liquor order, and pre-approved by the District Manager. Supplemental orders may be required on rare occasions due to extraordinary community events or circumstances.

JJ. “Transfer” -- The movement of WSLCB-provided Liquor between State Liquor Stores, Contract Liquor Stores, and/or the WSLCB Distribution Center.

2. CONTRACTOR’S RESPONSIBILITIES

2.1 ESTABLISHED BUSINESS

Prior to commencing performance, or prior to that time if required by the WSLCB, law or regulation, Contractor must be an established business firm with all required licenses, fees, bonding, facilities, equipment and trained personnel necessary to meet all requirements and perform the work as specified herein. Contractor shall maintain compliance with these requirements throughout the entire term of this Contract

This Contract is individual to the Contractor. Where the Contractor is a corporation, the shareholder or officer who signs the Contract is personally responsible to the WSLCB for the operation of the Contract Liquor Store in compliance with the terms of this Contract and all applicable WSLCB Board Policies. Such personal responsibility cannot be transferred to any other shareholder or officer without advance written approval by the WSLCB.

The WSLCB reserves the right to require receipt of proof of compliance with said requirements within ten (10) calendar days from the date of request, and to terminate this Contract as a material breach for noncompliance with any requirement of this section.

2.2 CONFIDENTIALITY/SAFEGUARDING OF INFORMATION

The Contractor shall not use or disclose any information concerning the WSLCB, or information that may be classified as confidential, for any purpose not directly connected with

the administration of this Contract, except with prior written consent of the WSLCB, or as may be required by law.

2.3 HOURS OF OPERATION

Contractor may set the operating hours for the Contract Liquor Store at the discretion of the Contractor, but the Contract Liquor Store must be open a minimum of forty (40) hours per week. Contractor shall not sell WSLCB-provided Liquor before 6:00 a.m. (PT) or after 10:00 p.m. (PT). Contract Liquor Stores shall close no earlier than 6:00 p.m. (PT). The Contractor shall notify the appropriate WSLCB District Manager of the Contact Liquor Store operating hours. The WSLCB may, on a case by case basis, grant written exceptions to the hours of operation.

The Contract Liquor Store may be open or closed on state holidays and Sundays at the discretion of the Contractor. The Contractor shall notify the appropriate WSLCB District Manager of intentions to open or close on holidays or Sundays.

In the event of a planned store closure for a period of time other than a state holiday or Sundays, the Contractor shall notify the appropriate WSLCB District Manager two weeks in advance of closure. In case of a closure due to emergency or unforeseen circumstances, the Contractor shall notify the WSLCB as soon as possible.

2.4 LICENSEE ACCOUNTS

The Contractor shall sell Spirits to Licensees at the current WSLCB-approved Licensee Discount rate.

The WSLCB shall assign Licensee Accounts to a State or Contract Liquor Store. Contractor shall not solicit Licensee Accounts.

The Contractor will be provided the opportunity to change a licensee assignment by submitting a written request to the Retail Director or designee for consideration on a case-by-case basis.

2.5 LICENSING, ACCREDITATION AND REGISTRATION

The Contractor shall comply with all applicable local, state, and federal licensing, accreditation and registration requirements/standards, necessary for the performance of this Contract.

2.6 PRODUCT TRANSFER

The Contractor may transfer product to another CLS. The Contractor may transfer product to a state store, but only after the transfer is approved by the WSLCB. If freight costs are incurred the charges will be borne by the Contractor except when approved or transported by the WSLCB.

2.7 PUBLICITY AND ADVERTISING

The Contractor agrees to submit to the WSLCB Retail Director or designee all advertising and publicity matters relating to the sale of Liquor or this Contract wherein the WSLCB's name is mentioned or language used from which the connection of the WSLCB's name may, in the WSLCB's judgment, be inferred or implied. The Contractor agrees not to publish or use such advertising and publicity matters without the prior written consent of the WSLCB.

2.8 REGISTRATION WITH DEPARTMENT OF REVENUE

The Contractor shall complete and maintain registration with the Washington State Department of Revenue and be responsible for payment of all taxes due. The Contractor shall maintain a status of Good Standing throughout the duration of this Contract.

2.9 SALES OF LIQUOR

The Contractor shall not sell or allow to be sold, any Liquor owned by the WSLCB, except for cash, credit or debit card presented at the time of sale, in accord with state laws. Personal or business checks may be accepted as cash, but the Contractor is responsible for their value. The WSLCB may accept responsibility for such check value, when the CLS has complied with WAC 314-13-030.

2.10 STORE LOCATION

The Contract Liquor Store shall be located at the following address:

«address»
«City»

The Contractor shall not relocate the Contract Liquor Store without written approval from the WSLCB.
The Contractor shall not sell Spirits at any other location than the approved Store Location.
The Contractor shall not deliver any Liquor, nor pay for delivery of Liquor to any other location, other than as allowed in section 2.6 of this Contract.

2.11 RETURNING PRODUCT TO THE DISTRIBUTION CENTER

The Contractor must utilize current carrier process for returning goods to the Distribution Center. The Contractor must obtain prior approval from District Manager and complete Return to Warehouse Authorization form.

3. PRICING, INVOICE, AND PAYMENT

3.1 ADVANCE PAYMENTS PROHIBITED

No payments in advance of or in anticipation of goods or services to be provided under this Contract shall be made by the WSLCB.

3.2 OVERPAYMENTS TO CONTRACTOR

Contractor shall refund to WSLCB the full amount of any erroneous payment or overpayment under this Contract within thirty (30) days' of receipt of written notice from the WSLCB of the overpayment or erroneous payment. If Contractor fails to make timely payment, WSLCB may charge Contractor one percent (1%) per month on the amount due, until paid in full.

3.3 STATEWIDE VENDOR PAYMENT REGISTRATION

The Washington State Office of Financial Management (OFM) maintains a central Contractor registration file for Washington State agencies to process Contractor payments. Contractors are required to be registered in the Statewide Vendor Payment system, prior to payment under this Contract.

To obtain registration materials go to http://www.ofm.wa.gov/isd/vendors.asp. The form has two parts; Part 1 is the information required to meet the above registration condition. Part 2 allows the state to pay invoices electronically with direct deposit and is the state's most efficient method of payment. Contractor is encouraged to sign up for this form of payment.

3.4 TAXES, FEES AND LICENSES

Taxes:

Where required by statute or regulation, the Contractor shall pay for and maintain in current status all taxes that are necessary for Contract performance. No charge by the Contractor shall be made for federal excise taxes on the sale of Liquor and if requested the WSLCB agrees to furnish Contractor with an exemption certificate where appropriate.

Fees/Licenses:
After award of Contract, and prior to commencing performance under the Contract, the Contractor shall pay for and maintain in a current status any licenses, fees, assessments, permit charges, etc., which are necessary for Contract performance. It is the Contractor's sole responsibility to maintain licenses and to monitor and determine any changes or the enactment of any subsequent regulations for said fees, assessments, or charges and to immediately comply with said changes or regulations during the entire term of this Contract.

4. CONTRACT ADMINISTRATION

4.1 AMENDMENTS

This Contract may be amended by the WSLCB. Prior to issuance of an amendment, the WSLCB shall hold open good faith discussions with Contractors Advisory Committee (CMAC). Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties to this Contract.

4.2 ASSIGNMENT

Neither this Contract, nor any claim arising under this Contract, shall be transferred or assigned by the Contractor without prior written consent of the WSLCB.

Upon the death or incapacity of the Contractor, the WSLCB may temporarily appoint a surviving family member or assignee who has been actively involved in the business, to manage the Contract Liquor Store, provided the WSLCB determines the family member or assignee is qualified, pending the official Contractor appointment process.

4.3 CHANGES

The WSLCB reserves the right to modify this Contract, so long as such modification is substantially within the scope of the original Contract.

Alterations to any of the terms, conditions, or requirements of this Contract shall only be effective upon written issuance of a Contract Amendment by the Contract Administrator.

4.4 CONFORMITY

If any provision of this Contract violates any Federal or State of Washington statute or rule of law, it is considered modified to conform to that statute or rule of law.

4.5 CONTRACTOR COMMITMENTS

Any written commitment by Contractor within the scope of this Contract shall be binding upon Contractor. Failure of Contractor to fulfill such a commitment may constitute breach and shall render Contractor liable for damages under the terms of this Contract.

4.6 ENTIRE AGREEMENT

This Contract document and all subsequently issued amendments comprise the entire agreement between the WSLCB and the Contractor. No other statements or representations, written or oral, shall be deemed a part of the Contract.

This Contract sets forth the entire agreement between the parties with respect to the subject matter hereof and except as provided in the section titled Contractor Commitments, understandings, agreements, representations, or warranties not contained in this Contract or a written amendment hereto shall not be binding on either party. Except as provided herein, no alteration of any of the terms, conditions, delivery, price, quality, or Specifications of this Contract will be effective unless captured in writing.

4.7 GOVERNING LAW

This Contract shall be construed and interpreted in accordance with the laws of the State of Washington, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

4.8 INDEPENDENT CAPACITY OF THE CONTRACTOR

The parties intend that an independent Contractor relationship will be created by this Contract. The Contractor and his or her employees or agents performing under this Contract are not employees or agents of the WSLCB. The Contractor will not hold himself/herself out as or claim to be an officer or employee of the WSLCB or of the State of Washington by reason hereof, nor will the Contractor make any claim of right, privilege or benefit that would accrue to such employee under law. Conduct and control of the work will be solely with the Contractor.

4.9 LIMITATION OF AUTHORITY

Only the Agent or Agent's delegate by writing (delegation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this Contract. Furthermore, any alteration, amendment, modification, or waiver of any clause or condition of this Contract is not effective or binding unless made in writing.

4.10 RETENTION OF RECORDS

The Contractor shall maintain all books, records, documents, data and other evidence relating to this Contract and the provision of materials, supplies, services and/or equipment described herein, including, but not limited to, accounting procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Contract. Contractor shall retain such records for a period of six (6) years following the date of final payment. At no additional cost, these records, including materials generated under the Contract, shall be subject at all reasonable times to inspection, review, or audit by the WSLCB, personnel duly authorized by the WSLCB, the Washington State Auditor's Office, and federal and state officials so authorized by law, regulation or agreement.

If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until final resolution of all litigation, claims, or audit findings involving the records.

4.11 SUBCONTRACTING PROHIBITED

The Contractor is not authorized to enter into subcontracts for any of the work contemplated under this contract.

4.12 SUPERVISION AND COORDINATION

Contractor shall:

1. Competently and efficiently supervise and coordinate the implementation and completion of all Contract requirements specified herein;
2. Identify the Contractor's Representative, who will be the principal point of contact for the WSLCB Contract Administrator concerning Contractor's performance under this Contract.
3. Immediately notify the Contract Administrator in writing of any change of the designated Contractor's Representative assigned to this Contract; and
4. Be bound by all written communications given to or received from the Contractor's Representative.

Violation of any provision of this section may be considered a material breach establishing grounds for Contract termination.

4.13 SURVIVORSHIP

All activities performed pursuant to the authority of this Contract shall be bound by all of the terms and conditions set forth herein, notwithstanding the expiration of the initial term of this Contract or any extension thereof. Further, the terms and conditions contained in this Contract that by their sense and context are intended to survive the completion of the performance, cancellation or termination of this Contract shall so survive. In addition, the terms of the sections titled **Overpayments to Contractor; Contractor's Commitments; Privacy; Order of Precedence; Publicity; Retention of Records; Disputes;** and **Limitation of Liability** shall survive the termination of this Contract.

4.14 SEVERABILITY

If any provision of this Contract or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Contract which can be given effect without the invalid provision, or part thereof if such remainder conforms to the terms and requirements of applicable law and the intent of this Contract, and to this end the provisions of this Contract are declared to be severable.

5. DISPUTES AND REMEDIES

5.1 GOOD FAITH DISCUSSION

In the event of a disagreement both parties agree to work in good faith to informally resolve the dispute.

5.2 ALTERNATIVE DISPUTE RESOLUTION FEES AND COSTS

In the event that the parties mutually agree to engage in arbitration, mediation or any other alternative dispute resolution forum to resolve a dispute in lieu of litigation, both parties shall share equally in the cost of the alternative dispute resolution method, including cost of mediator or arbitrator. In addition, each party shall be responsible for its own attorneys' fees incurred as a result of the alternative dispute resolution method.

5.3 FORCE MAJEURE

The term "force majeure" means an occurrence that causes a delay that is beyond the control of the party affected and could not have been avoided by exercising reasonable diligence. Force majeure shall include acts of God, war, riots, strikes, fire, floods, epidemics, or other similar occurrences.

Exceptions: Except for payment of sums due, neither party shall be liable to the other or deemed in breach under this Contract if, and to the extent that, such party's performance of this Contract is prevented by reason of force majeure.

Notification: If either party is affected by force majeure, said party shall provide notification within forty-eight (48) hours. The notification shall provide evidence of the force majeure to the satisfaction of the other party. Performance of Contractual duties shall resume as soon as practicable and written notification of same shall likewise be provided.

Rights Reserved: The WSLCB reserves the right to authorize an amendment to this Contract. Either party may request termination of the Contract during the time of force majeure.

5.4 LIMITATION OF LIABILITY

The parties agree that neither Contractor or the WSLCB shall be liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages except a claim related to bodily injury or death, or a claim or demand based on patent, copyright, or other intellectual property right infringement. This section does not modify any sections regarding any damages or other conditions as are elsewhere agreed to herein between the parties. The damages specified in the sections titled Termination for Default and Retention of Records are not consequential, incidental, indirect, or special damages as that term is used in this section.

Neither the Contractor nor the WSLCB shall be liable for damages arising from causes beyond the reasonable control and without the fault or negligence of the Contractor or the WSLCB. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of a governmental body other than the WSLCB acting in either its sovereign or Contractual capacity, war, explosions, fires, floods, earthquakes, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case the delays be beyond the reasonable control and without fault or negligence of the Contractor, the WSLCB, or the WSLCB's Subcontractors.

Neither party shall be liable for personal injury to the other party or damage to the other party's property except personal injury or damage to property proximately caused by such party's respective fault or negligence.

5.5 NON-EXCLUSIVE REMEDIES

The remedies provided for in this Contract shall not be exclusive but are in addition to all other remedies available under law.

6. CONTRACT TERMINATION

6.1 APPEAL OF TERMINATION

In the event the WSLCB pursues a termination process, the Contractor may be granted an opportunity to appeal. In the event of gross negligence, the WSLCB reserves the right to immediately terminate this contract without granting the Contractor an opportunity to appeal the termination.

INITIATING THE APPEAL:
The Contractor must submit all appeals in writing. The appeal must be received in writing by the WSLCB Director of Business Enterprise not later than five (5) business days after receipt of notification of termination.

If an appeal is not received within these time frames it will be considered untimely and the WSLCB may proceed with the termination without further obligation to consider the appeal.

The WSLCB Director of Business Enterprise will consider all of the facts available and issue a decision in writing within ten (10) business days after receipt of the appeal, unless more time is needed. The Contractor will be notified if additional time is necessary.

APPEAL OF WSLCB DIRECTOR OF BUSINESS ENTERPRISE DECISION:
The Contractor has the right to appeal the decision of the WSLCB Director of Business Enterprise to the WSLCB Administrative Director.

The appeal must be received by the WSLCB Administrative Director within three (3) business days after notification of the WSLCB Director of Business Enterprise's decision.

The WSLCB Administrative Director will consider all of the facts available and issue a decision in writing within ten (10) business days after receipt of the appeal, unless more time is needed. The Contractor will be notified if additional time is necessary.

The decision of the WSLCB Administrative Director is final. The WSLCB Administrative Director may issue further clarifications if determined necessary.

PROTEST AND APPEALS – FORM AND SUBSTANCE
All appeals must:

1. be in writing,
2. signed by the appealing Contractor or an authorized agent
3. delivered within the time frame(s) outlined herein.
4. addressed to that individual within the Office WSLCB assigned review responsibilities as specified above.

The appealing Contractor must:

1. state all facts and arguments on which the appealing Contractor is relying as the basis for its action
2. attach any relevant exhibits related, or referred to in the written appeal.

COMMUNICATION DURING APPEALS
All communications relative to a termination that is being appealed must be coordinated through the person conducting the official review for the WSLCB at each stage of the process.

6.2 MATERIAL BREACH

Contractor may be Terminated for Cause by the WSLCB, at the sole discretion of the Contract Administrator, for failing to perform a Contractual requirement or for a material breach of any term or condition. Material breach of a term or condition of the Contract may include but is not limited to:

1. Contractor failure to perform or comply with any mandatory provision of the Contract;
2. Contractor becomes insolvent or in an unsound financial condition so as to endanger performance hereunder;
3. Contractor becomes the subject of any proceeding under any law relating to bankruptcy, insolvency or reorganization, or relief from creditors and/or debtors that endangers the Contractor's proper performance hereunder;
4. Appointment of any receiver, trustee, or similar official for Contractor or any of the Contractor's property and such appointment endangers the Contractor's proper performance hereunder;
5. A determination that the Contractor is in violation of federal, state, or local laws or regulations and that such determination renders the Contractor unable to perform any aspect of the Contract. Examples may include, but are not limited to, compliance with the following: Employment Security Department Washington State (ESD), Washington State Department of Labor & Industries (LNI), Washington State Department of Licensing (DOL), and Department of Revenue Washington State (DOR).

6.3 OPPORTUNITY TO CURE:

In the event that Contractor fails to perform a Contractual requirement or materially breaches any term or condition, the WSLCB may issue a written cure notice. The Contractor may have a reasonable period of time in which to cure. At the discretion of the Agent, the WSLCB may not offer an opportunity to cure when the breach is due to a material breach, or to theft or fraud by Contractor. In addition, the WSLCB is not required to allow the Contractor to cure defects

if the opportunity for cure is not feasible, as determined solely within the discretion of the WSLCB. Time allowed for cure shall not diminish or eliminate Contractor's liability for liquidated or other damages, or otherwise affects any other remedies available to the WSLCB under the Contract or by law.

If the breach remains after Contractor has been provided the opportunity to cure, the WSLCB may do any one or more of the following:

1. Exercise any remedy provided by law;
2. Terminate this Contract and any related Contracts or portions thereof;
3. Impose damages as set forth in this Contract;
4. Impose actual or liquidated damages;
5. Suspend or bar Contractor from receiving future opportunities;
6. Require Contractor to reimburse the state for any loss or additional expense incurred as a result of default or failure to satisfactorily perform the terms of the Contract.

6.4 TERMINATION AT CONTRACTORS REQUEST

In the event the Contractor desires to terminate the Contract prior to the expiration of the Contract's term, the Contractor agrees to provide the WSLCB with at least one-hundred and eighty(180) days notice, in writing, of the desire to terminate the Contract. Except for death or incapacity of the Contractor or as otherwise agreed in writing, if the Contractor fails to give the full one-hundred and eighty (180) days notice, the Contractor agrees to pay the WSLCB liquidated damages, pursuant to the following formula: the average monthly commission paid to the Contractor for the previous year prior to which notice is given, shall be divided by the average number of working days in a month. This figure shall in turn be multiplied by the difference between one-hundred and eighty (180) days, and the amount of days notice in fact given. The Contractor also agrees that all or any portion of the amount properly established to be due and owing the WSLCB may be offset against payments owing to the Contractor.

6.5 TERMINATION BY MUTUAL AGREEMENT

The WSLCB and the Contractor may terminate this Contract in whole or in part, at any time, by mutual agreement.

6.6 TERMINATION FOR CAUSE

In the event the WSLCB determines the Contractor has failed to comply with any and/or all of the conditions of this Contract in a timely manner, the WSLCB has the right to suspend or terminate this Contract. In the event of a material breach, the WSLCB may immediately suspend or terminate the Contract, or, before suspending or terminating the Contract, the WSLCB may notify the Contractor in writing of the need to take corrective action. If corrective action is not taken within 30 calendar days, the Contract may be terminated or suspended.

The WSLCB reserves the right to immediately suspend all or part of the Contract, withhold further payments, or prohibit the Contractor from incurring additional obligations of funds during investigation of the alleged compliance breach and pending corrective action by the Contractor or a decision by the WSLCB to terminate the Contract.

In the event of termination or suspension, the Contractor may be liable for damages as authorized by law including, but not limited to, all administrative costs directly related to the replacement Contract, e.g., cost of the soliciting, mailing, advertising and staff time.

The rights and remedies of the WSLCB provided in this Contract are not exclusive and are, in addition to any other rights and remedies, provided by law.

6.7 TERMINATION FOR CONFLICT OF INTEREST

The WSLCB may terminate this Contract by written notice to Contractor if it is determined, after due notice and examination, that the Contractor has any financial interest, outside of this Contract, in the manufacture, distribution, or sale of Liquor. In the event that the WSLCB determines that there is a financial conflict of interest, the WSLCB may offer an Opportunity to Cure. The WSLCB reserves the right to grant exceptions to the financial interest requirements contained in this Contract on an individual basis.

6.8 TERMINATION FOR NON-ALLOCATION OF FUNDS

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Contract and prior to normal completion, the WSLCB may terminate the Contract. In addition, if funds are not allocated to the WSLCB to continue this Contract in any future period, the WSLCB may terminate this Contract by seven (7) calendar day's written notice to Contractor, or work with Contractor to arrive at a mutually acceptable resolution of the situation. The WSLCB will not be obligated to pay any further charges for materials, supplies, services and/or equipment including the net remainder of agreed-to consecutive periodic payments remaining unpaid beyond the end of the then-current period. The WSLCB agrees to notify Contractor in writing of such non-allocation at the earliest possible time.

No penalty shall accrue to the WSLCB in the event this section shall be exercised, and no right of appeal or dispute resolution provisions of the Contract apply to termination under this section.

6.9 TERMINATION FOR WITHDRAWAL OF AUTHORITY

In the event that the WSLCB's authority to perform any of its duties relating to this Contract is withdrawn, reduced, or limited in any way after the commencement of this Contract and prior to normal completion, the WSLCB may terminate this Contract, in whole or in part, by seven (7) calendar day's written notice to Contractor. Contractor shall have no right of appeal when this clause is exercised by the WSLCB.

6.10 TERMINATION PROCEDURES

Upon termination of this Contract, the WSLCB, in addition to any other rights provided in this Contract, may require the Contractor to deliver to the WSLCB any property provided by the WSLCB, for the performance of this Contract. The provisions of the "Treatment of Assets" clause shall apply in such property transfer.

The rights and remedies of the WSLCB provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

After receipt of a notice of termination, and except as otherwise directed by the Agent, the Contractor shall:

1. Stop work under the Contract on the date, and to the extent specified, in the notice;
2. Place no further orders for WSLCB product, and maintain all WSLCB product in good condition;
3. Grant the WSLCB access to the CLS premises for the audit and removal of all WSLCB provided equipment, products, and supplies.
4. Take such action as may be necessary, or as the Agent may direct, for the protection and preservation of the property related to this Contract, which is in the possession of the Contractor and in which the WSLCB has or may acquire an interest.
5. WSLCB-supplied equipment shall be returned to the WSLCB at the WSLCB's expense, utilizing the proper equipment transfer form prior to receiving last commission check.

WSLCB will provide any final commissions owed after all WSLCB funds and property are accounted for and returned to the WSLCB.

7. GENERAL PROVISIONS

7.1 AMERICANS WITH DISABILITIES ACT (ADA) OF 1990, PUBLIC LAW 101-336, also referred to as the "ADA" 28 CFR Part 35

The Contractor must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.

7.2 ASSURANCES

WSLCB and the Contractor agree that all activity pursuant to this Contract will be in accordance with all the applicable current federal, state and local laws, rules, and regulations.

7.3 ATTORNEYS' FEES

In the event of litigation or other action brought to enforce Contract terms, each party agrees to bear its own attorney fees and costs.

7.4 BANKING REQUIREMENTS

The WSLCB shall provide a bank account, in the local community where possible, for daily deposit of funds derived from the sale of WSLCB-provided Liquor and banquet permits by the Contractor. Daily deposit of funds by the Contractor is required unless a waiver has been granted by the Finance Division.

7.5 COMMENCEMENT OF WORK

No work shall be performed by Contractor until this Contract is executed by the Contractor and the WSLCB and a signed copy is received by the Contractor.

7.6 CONFLICT

The terms of this Contract shall be read together and harmonized, to the extent possible.

7.7 CONTRACT LIQUOR STORE EMPLOYEES

All expenses for Employees hired by the Contractor to work in the Contract Liquor Store are the responsibility of the Contractor. The Contractor must provide training to employees regarding the requirements of this Contract. No person between the ages of eighteen (18) and twenty-one (21) years of age is permitted to perform any duties in a Contract Liquor Store without supervision of an employee over twenty-one (21) years of age on premises.

7.8 GIFTS AND GRATUITIES

Contractor shall comply with all state laws regarding gifts and gratuities, including but not limited to: RCW 43.19.1937 , and RCW 42.52.170 under which it is unlawful for any person to directly or indirectly offer or give gifts, gratuities, loans, trips, favors, special discounts, services, or anything of economic value in conjunction with state business or Contract activities.

7.9 INDEMNIFICATION

To the fullest extent permitted by law, Contractor shall indemnify, defend, and hold harmless the WSLCB and all officials, agents and employees of the WSLCB, from and against all claims for injuries or death arising out of or resulting from the performance of the Contract. "Claim," as used in this Contract, means any financial loss, claim, suit, action, damage, or expense,

including but not limited to attorney's fees, attributable for bodily injury, sickness, disease, or death, or injury to or destruction of tangible property including loss of use resulting there from.

Contractor's obligations to indemnify, defend, and hold harmless includes any claim by Contractor's agents, employees, or representatives.

Contractor expressly agrees to indemnify, defend, and hold harmless the WSLCB for any claim arising out of or incident to Contractor's performance or failure to perform the Contract. Contractor's obligation to indemnify, defend, and hold harmless the WSLCB shall not be eliminated or reduced by any actual or alleged concurrent negligence of WSLCB or its agents, agencies, employees and officials.

Contractor waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless WSLCB and its agencies, officials, agents or employees.

7.10 INSURANCE

Contractor shall, at their own expense, obtain and keep in force insurance as stated in this section until completion of the Contract. The intent of the required insurance is to protect the State should there be any claims, suits, actions, costs, damages or expenses arising from acts or omissions of the Contractor, or its agents, while performing under the terms of this Contract.

The Contractor shall provide insurance coverage which the Contractor shall maintain in full force and effect during the term of this Contract as follows:

1. Commercial General Liability Insurance Policy: Provide a Commercial General Liability Insurance Policy, including contractual liability, in adequate quantity to protect against legal liability arising out of contract activity but no less than $1,000,000 per occurrence.

Within fifteen (15) calendar days of receipt of notice of award, the Contractor shall furnish evidence in the form of a certificate of insurance satisfactory to the WSLCB that insurance has been secured. Failure to provide proof of insurance, as required, may result in Contract cancellation.

Additional Insurance Provisions: All above insurance policies shall include, but not be limited to, the following provisions:

Additional Insured: The WSLCB shall be named as an additional insured on all general liability, umbrella, excess, and property insurance policies. All policies shall be primary over any other valid and collectable insurance.

Notice of Policy(ies) Cancellation/Non-renewal: For insurers subject to Chapter 48.18 RCW (Admitted and regulated by the Washington State Insurance Commissioner) a written notice shall be given to the Contract Administrator forty-five (45) calendar days prior to cancellation or any material change to the policy(ies) as it relates to this Contract. Written notice shall include the affected Contract reference number.

Surplus Lines: For insurers subject to Chapter 48.15 RCW (Surplus Lines) a written notice shall be given to the Contract Administrator twenty (20) calendar days prior to cancellation or any material change to the policy(ies) as it relates to this Contract. Written notice shall include the affected Contract reference number.

Cancellation for Non-payment to Premium: If cancellation on any policy is due to non-payment of premium, a written notice shall be given the Contract Administrator ten (10) calendar days prior to cancellation. Written notice shall include the affected Contract reference number.

Identification: Policy(ies) and Certificates of Insurance shall include the affected Contract reference number.

Excess Coverage: The limits of all insurance required to be provided by the Contractor shall be no less than the minimum amounts specified. However, coverage in the amounts of these minimum limits shall not be construed to relieve the Contractor from liability in excess of such limits.

Limit Adjustments: The WSLCB reserves the right to increase or decrease limits on the required insurance as it determines to be appropriate.

7.11 LEGAL NOTICES

Any notice or demand or other communication required or permitted to be given under this Contract or applicable law (except notice of malfunctioning Equipment) shall be effective only if it is in writing and signed by the applicable party, properly addressed, and either delivered in person, or by a recognized courier service, or deposited with the United States Postal Service as first-class mail, postage prepaid [certified mail, return receipt requested] or via electronic mail, to the identified Authorized Representative provided in this Contract. For purposes of complying with any provision in this Contract or applicable law that requires a "writing," such communication, when digitally signed with a Washington State Licensed Certificate, shall be considered to be "in writing" or "written" to an extent no less than if it were in paper form. Notices shall be effective upon receipt or three (3) Business Days after mailing, whichever is earlier. The notice address as provided herein may be changed by written notice given as provided above.

In the event that a subpoena or other legal process commenced by a third party in any way concerning the Equipment or Services provided pursuant to this Contract is served upon Contractor or WSLCB, such party agrees to notify the other party in the most expeditious fashion possible following receipt of such subpoena or other legal process. Contractor and WSLCB further agree to cooperate with the other party in any lawful effort by the other party to contest the legal validity of such subpoena or other legal process commenced by a third party.

7.12 LIENS, CLAIMS AND ENCUMBRANCES

All materials, equipment, supplies and/or services shall be free of all liens, claims, or encumbrances of any kind, and if the WSLCB requests, a formal release of same shall be delivered.

7.13 LIQUOR AVAILABILITY

The WSLCB shall determine the amounts, classes, varieties and brands of Liquor listed for sale statewide. The WSLCB does not guarantee availability of all products listed in the Price Book or Price List. All State and Contract Liquor Stores will have equal opportunity to order and receive available products from the WSLCB.

7.14 NONDISCRIMINATION

During the performance of this Contract, the Contractor shall comply with all federal and state nondiscrimination laws, regulations and policies.

In the event of the Contractor's non-compliance or refusal to comply with any nondiscrimination law, regulation, or policy, this Contract may be rescinded, canceled or terminated in whole or in part, and the Contractor may be declared ineligible for further Contracts with the WSLCB. The Contractor shall, however, be given a reasonable time in which to cure this noncompliance.

7.15 OSHA AND WISHA REQUIREMENTS

Contractor agrees to comply with conditions of the Federal Occupational Safety and Health Administration (OSHA) and the Washington Industrial Safety and Health Act (WISHA) and the standards and regulations issued thereunder, and certifies the performance of this Contract will conform to and comply with said laws, standards and regulations. Contractor further agrees to indemnify and hold harmless WSLCB from all damages assessed against WSLCB as a result of Contractor's failure to comply with those laws, standards, and regulations.

7.16 PERSONAL LIABILITY

It is agreed by and between the parties hereto that in no event shall any official, officer, employee or agent of the WSLCB when executing their official duties in good faith, be in any way personally liable or responsible for any agreement herein contained whether expressed or implied, nor for any statement or representation made herein or in any connection with this agreement.

7.17 PRIVACY

Information collected, used, or acquired in connection with this Contract shall be protected against unauthorized use, disclosure, modification or loss. Contractor shall ensure its directors, officers, employees, or agents use personal information solely for the purposes of accomplishing the services set forth herein. Contractor agrees not to release, divulge, publish, transfer, sell or otherwise make known to unauthorized persons personal information without the express written consent of the WSLCB or as otherwise required by law. Contractor acknowledges that under RCW 66.16.090, records of individual purchases of Liquor are confidential.

Any breach of this provision may result in termination of the Contract and the demand for return of all personal information. The Contractor agrees to indemnify and hold harmless the WSLCB for any damages related to the Contractor's unauthorized use of personal information.

7.18 RIGHT OF INSPECTION

The Contractor shall provide right of access to its facilities to the WSLCB, or any of its officers, or to any other authorized agent or official of the state of Washington or the federal government, at all reasonable times, in order to monitor and evaluate performance, compliance, and/or quality assurance under this Contract.

7.19 SHIPPING

The WSLCB shall ship all items provided to the Contractor pursuant to this Contract, freight prepaid, FOB destination to Contract Liquor Store #«CLS_NUMBER», «address», «City». The method of shipment shall be consistent with the nature of the Products and hazards of transportation. The Contractor is responsible to receive freight shipments as scheduled by the WSLCB.

7.20 SHORTAGES

The WSLCB shall conduct formal audits of WSLCB-supplied Liquor.

The WSLCB will allow shortages of two tenths of one percent (2/10 of 1%) to a maximum of $1,000 of the Contractor's gross sales during the regularly scheduled audit period to be paid at the WSLCB's cost for the product. Shortages in excess of two tenths of one percent (2/10 of 1%) or a maximum of $1,000 shall be paid at full retail price. The $1,000 maximum shortage allowance will be available on any single regularly scheduled audit. The WSLCB will perform a regularly scheduled audit at least once every 24 months.

The WSLCB may at its discretion perform audits in addition to the regularly scheduled audits to address operational concerns like, but not limited to, an excessive shortage (defined as being

$100 per month and .20 percent of sales or higher). Any Contractor Shortages from additional audits (audits performed more frequently than every 24 months) shall be paid at full retail price.

Any operating shortages shall be deducted from the Contractor's monthly compensation until the amount of the shortage is paid in full.

The WSLCB, at its discretion, may allow Shortages to be paid under a pre-approved payment plan.

7.21 TRAINING

The WSLCB may make available or offer, at the option of the Contractor, educational training such as Identification (ID)/Over service briefings through Liquor Enforcement officers or other electronic formats.

7.22 TREATMENT OF ASSETS

A. Title to all Property, Equipment and supplies furnished by the WSLCB shall remain with the WSLCB. In particular, all Liquor supplied by the WSLCB remains the Property of the WSLCB until sold by the Contractor. Contractor shall not encumber the WSLCB's ownership of any Property Equipment and supplies furnished by the WSLCB and shall immediately surrender such Property to the Board upon request.

B. Any property or equipment of the WSLCB furnished to the Contractor shall, unless otherwise provided herein or approved by the WSLCB, be used only for the performance of this Contract.

C. The Contractor shall be responsible for any loss or damage to property of the WSLCB resulting from the negligence of the Contractor or the failure on the part of the Contractor to maintain and administer that property in accordance with sound management practices.

D. If any WSLCB property is lost, destroyed or damaged, the Contractor shall immediately notify the WSLCB and shall take all reasonable steps to protect the property from further damage.

E. The Contractor shall maintain the security of, and prevent damage to WSLCB provided Liquor and any other property of the WSLCB.

F. The Contractor shall surrender to the WSLCB all Property of the WSLCB prior to settlement upon completion, and immediately upon termination, suspension or cancellation of this Contract.

G. All reference to the Contractor under this clause shall also include Contractor's employees.

7.23 WAIVER

Failure or delay of the WSLCB to insist upon the strict performance of any term or condition of the Contract or to exercise any right or remedy provided in the Contract or by law; or the WSLCB's acceptance of or payment for materials, supplies, services and/or equipment, shall not release the Contractor from any responsibilities or obligations imposed by this Contract or by law, and shall not be deemed a waiver of any right of the WSLCB to insist upon the strict performance of the entire agreement by the Contractor. In the event of any claim for breach of Contract against the Contractor, no provision of this Contract shall be construed, expressly or by implication, as a waiver by the WSLCB of any existing or future right and/or remedy available by law.

EXHIBIT B-

Board Policy BP-01-2009 Prohibition of References to Energy Drinks

Washington State
Liquor Control Board

Liquor Control Board Policy #BP-01-2009

Subject: Prohibition of References to Energy Drinks in Point-of-Sale Materials

Effective Date: October 28, 2009

Approved: Sharon Foster, Board Chairman

Ruthann Kurose, Board Member

Background

The practice of consuming alcohol with energy drinks has become popular in recent years. However, there are an increasing number of scientific studies that have shown the dangerous effects of mixing alcohol with energy drinks. While alcohol is a depressant, energy drinks are stimulants. The net effect is that the consumer doesn't feel the effects of the alcohol, yet is just as impaired as they would be had they just consumed the alcohol without the energy drink.

There is an emerging consensus among scientists and medical professionals that this combination of energy drinks and alcohol is not safe, and poses a potentially serious public health risk. One of the leading studies, from the Wake Forest University School of Medicine, found that "students who consumed alcohol mixed with energy drinks were twice as likely to be hurt or injured, twice as likely to require medical attention, and twice as likely to ride with an intoxicated driver, as were students who did not consume alcohol mixed with energy drinks. Students who drank alcohol mixed with energy drinks were more than twice as likely to take advantage of someone else sexually, and almost twice as likely to be taken advantage of sexually."

Purpose Statement

Like the medical and prevention community, the Board is very concerned about the potential public safety effects of this growing trend of combining energy drinks with alcohol. The purpose of Liquor Control Board Policy #09 – 2009 is ensure that the Washington State Liquor Control Board (WSLCB) retail stores do not contain any marketing or point-of-sale material that suggests or recommends the use of energy drinks with alcoholic beverages.

10/22/09 (djb)

Policy Statement
Marketing/Point-of Sale (POS) materials - including, but not limited to bottle labels, back-cards, bottle neckers, shelf talkers, posters, displays, unique displays, price signs, recipe cards, and rebates – referencing the use of energy drinks with alcohol are not allowed to be displayed in WSLCB state stores or contract stores. This includes references to a generic "energy drink", or any name brand of energy drink.

Energy drinks are generally defined as any substance designed or marketed to boost the drinker's energy, usually with artificially increased levels of caffeine. Other commonly used ingredients include guarana, taurine, ginseng, maltodextrin, inositol, carnitine, creatine, glucuronolactone and ginkgo. Beverages with lower levels of caffeine, such as coffee or soda are not included in this definition of energy drinks.

Supplier and broker representatives will be responsible to ensure that their POS materials are in compliance with this policy.

Any PCS materials with references to energy drinks found in the stores will be removed immediately, and the supplier and broker (if applicable) will be notified. Any supplier with more than one violation of this policy within one year may have their ability to qualify for product displays revoked for up to 6 months.

Policy Implementation
Effective 35 days from the implementation of this policy, all suppliers and brokers need to ensure that all POS materials with references to energy drinks have been removed from WSLCB stores, and that no new POS materials with references to energy drinks are placed in WSLCB stores.

The prohibition of energy drink references will be added to the criteria for approval of POS material.

Any products with references to energy drinks on the product label will not be given listing consideration.

10/22/09 (djb)

Policy #09-2009 originally signed 10/28/09, reclassified to Board Policy #BP-01-2009 on 5/5/10.

EXHIBIT C-

Board Policy BP-01-2010 Restricted Products

Washington State
Liquor Control Board

Liquor Control Board Policy #BP-01-2010

Subject: Restricted Products

Effective Date: April 14, 2010

Approved:

Sharon Foster, Board Chairman

Ruthann Kurose, Board Member

Background

Pursuant to RCW 66.08.030, it is declared that the power of the board to make regulations in the manner set out in that subsection shall extend to...(d) determining the classes, varieties, and brands of liquor to be kept for sale at any store.

Purpose Statement

The mission of the Washington State Liquor Control Board (WSLCB) includes ensuring the responsible sale, and preventing the misuse of, alcohol. As part of this mission, the Board endeavors to ensure that products which pose a threat to public safety or are objectionable are handled appropriately in WSLCB retail stores.

The Board is particularly concerned about alcoholic beverage products, such as distilled spirits, wine, and malt beverages, which are marketed in a way that implies the consumption of these beverages has a stimulating or energizing effect. These beverages promote a situation where people may become inebriated, but cannot judge their own condition, which is contrary to human health and public safety, and therefore contrary to the mission of the Washington State Liquor Control Board (WSLCB).

Policy Statement

In cases where the Board determines a product's ingredients, packaging, or marketing, poses a threat to public safety or is objectionable, the Board may restrict access to those products in

WSLCB retail stores to varying degrees. Criteria for restricting a product include, but are not limited to:

- Appeal to minors: Packaging or labeling that is generally consistent with products that are marketed to or used by children, or in a style that is appealing to minors.
- Promotion of irresponsible behavior: Products that promote or imply the promotion of over-consumption, or illegal or irresponsible behavior.
- Indecency: Violation of a "reasonable person" standard of decency in product packaging.

Products may be restricted to one of the following levels:

- Customer Special Order only: Products will not be listed, and will not be available in retail stores for sale by the bottle. Cases could still be ordered by licensees or individuals for their own use at home or in on-premises establishments.
- Individual Special Order only: Products will not be listed, and will not be available in retail stores for sale by the bottle. Cases could be ordered by individual consumers only for their personal use. Licensees could not order these products for use in on-premises establishments.
- No orders: Products will be banned for sale in the state of Washington, will not be listed, and cannot be special ordered by any party.

Products that imply, in packaging or marketing claims, that consumption will have a stimulating or energizing effect or will enable consumers to drink more of the product without feeling the effects of alcohol will not be allowed to be sold in WSLCB retail stores in any manner.

Policy Implementation

Any product found to potentially be a threat to public safety, objectionable, or marketed as having a stimulating effect will be presented to the Board for a final determination.

Upon Board review and action, the product supplier and WSLCB retail stores will be notified as appropriate of the decision and any required actions to implement the Board's decision.

At no time shall a restricted product be displayed in a WSLCB retail store.