

**OFFICE OF THE
WASHINGTON STATE LIQUOR CONTROL BOARD
Board Meeting /September 20, 2006**

The regular meeting of the Washington State Liquor Control Board was called to order at 9:00 a.m., on Wednesday, September 20, 2006 in the Board conference room, 3000 Pacific Avenue S.E., Olympia, Washington, by Chairman Merritt D. Long. Board Member Roger Hoen was present. Tony Kim, Administrative Assistant to the Board summarized the minutes.

Enforcement and Education Division – Swearing In Ceremony

Pat Parmer, Chief

Chief Parmer sworn in

Tim Thompson, Tobacco Tax Program Manager,

Thomas Dixon, Captain,

Mike Naudon, Liquor and Tobacco Enforcement Officer 2, and

Kandra Ordiway, Liquor and Tobacco Enforcement Officer 1

Policy, Legislative and Media Relations – Approval for Filing a Pre-Proposal Statement of Inquiry (CR 101) on Rule Changes Regarding Official Identification

Pam Madson, Rules Coordinator

Background: Legislation enacted in 2005 eliminated the liquor control authority card of any state. Washington no longer produces this identification card. Earlier legislation modified the armed forces Identification card to allow for an embedded signature. A tribal enrollment card was added to the list officially issued documents that can be used by licensees to verify a customer's age when purchasing alcohol and tobacco.

Ms. Madson requested approval to file the pre-proposal statement of inquiry (CR 101) for the rule making process described above.

Board Member Hoen moved for approval. Chairman Long seconded the motion, and it was passed.

Policy, Legislative and Media Relations – Approval for Filing a Pre-Proposal Statement of Inquiry (CR 101) on reenacting rules dealing with contested liquor license applications and renewals.

Pam Madson, Rules Coordinator

Background: The Board adopted rules establishing a new chapter on contested liquor license application and renewals in February 2005. During the adoption

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process, the text of the rules was not correctly typed and printed. This incorrect display resulted in a notation by the code Reviser that the changes adopted as part of this rules were “deemed ineffectual” because of failure to properly display the text.

The Board may reenact these rules by correctly showing the changes made to existing rule language. No substantive changes to these rules are being proposed.

Ms. Madson requested approval to file the pre-proposal statement of inquiry (CR101) for the rule making process described above.

Board Member Hoen moved for approval. Chairman Long seconded the motion, and it was passed.

Retail Services Division – Liquor Store Lease Extension, Store No. 051, Spokane-Hillyard; Suzanne Lewis, Store Leasing Manager

The lease for Store No. 051, located in Hillyard at 4725 North Market Street, Spokane, WA, expired on October 31, 2005 and was extended for one year through October 31, 2006. Due to permitting and construction delays, the relocation of this store, which was approved by the Board, has been delayed a few months.

The Lessors, Dr. and Mrs. Angelo Petrettee, have agreed to an additional four (4) month extension of our current lease, effective November 1, 2006. All other terms and conditions of the current lease shall remain the same.

We currently pay \$6,133.83 per month, or \$13.00 per square foot per year, for a 5,662 square foot space. Gross sales for FY 2006 were \$2,488,660.00 with Class H Sales of \$764,260.00, or 30.7%.

Board Member Hoen moved for approval. Chairman Long seconded the motion, and it was passed.

Retail Services Division – Liquor Store Lease Extension, Store No. 033, Redmond; Suzanne Lewis, Store Leasing Manager

The lease for Store No. 033, located in Redmond Center at 8215 – 160th Avenue NE, Redmond, WA, will expire on November 30, 2006. The Lessors are in the process of preparing a long-term vision for the property that will be completed in the next 8-9 months.

The Lessor, Michael Nelson of Quinton 83rd Mall LLC, has agreed to a one (1) year extension of our current lease, effective December 1, 2006. During this

extension period, the rental rate will be \$10,000.00 per month, or \$24.00 per square foot per year, a 14.3% increase. All other terms and conditions of the current lease shall remain the same.

We currently pay \$8,750.00 per month, or \$21.00 per square foot per year, for a 5,000 square foot space. Gross sales for FY 2006 were \$5,902,850.00 with Class H Sales of \$1,033,701.00, or 17.5%.

Board Member Hoen moved for approval. Chairman Long seconded the motion, and it was passed.

Retail Services Division – Liquor Store Lease Extension, Store No. 040, Spokane-Garland; Suzanne Lewis, Store Leasing Manager

The lease for Store No. 040, located at 1022 West Garland Avenue, Spokane, WA, expired on July 1, 2006.

The Lessor, Garland Properties, LLC, represented by Bill Duffy of Kiemle & Hagood Company, has agreed to a six (6) month extension of our current lease, effective August 1, 2006. All other terms and conditions of the current lease shall remain the same.

We currently pay \$5,639.75 per month, or \$12.75 per square foot per year, for a 5,308 square foot space. Gross sales for FY 2006 were \$4,538,060.00 with Class H Sales of \$991,413.00, or 21.8%.

Board Member Hoen moved for approval. Chairman Long seconded the motion, and it was passed.

Purchasing Services Division – Potential Spirit Size Extensions
Steve Burnell, Acting Director

The suppliers of the following brands have requested size extensions in addition to the 750 ml size that is currently listed.

<u>Requested Size Extensions</u>	<u>Size</u>	<u>Retail Price</u>	<u>Current Average Monthly Sales 750 ml Size</u>	<u>Current Monthly Gross Profit</u>	<u>Category Increase</u>	<u>Other Average</u>	<u>% of Total Sales in Control States</u>
Jameson Irish Whiskey	1.75L	\$45.95	657 cs	\$49,123	27.8%	17.9%	14%
Svedka Vodka	1.75L	\$29.95	216 cs	\$ 9,490	5.7%	7.3%	110%
Stolichnaya	375ml	\$ 9.95	524 cs	\$31,848	5.2%	17.5%	NA

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Vanilla Vodka

Arrow 50ml \$ 1.00 311 cs \$ 8,438 0% 7.4% NA
Peppermint Schnapps

Mr. Burnell recommended Board approval for listing these four items as additional sizes.

Board Member Hoen moved for approval. Chairman Long seconded the motion, and it was passed.

Purchasing Services Division – Potential Wine Listings and Delistings

Steve Burnell, Acting Director

The Wine Advisory committee has reviewed the following wines. Criteria for selections made by this panel include outstanding taste, good value, consumer interest and other factors. From blind tastings, the following selections and recommendations were made by the Committee and the Purchasing Division. Mr. Burnell recommended the Board approve the following listing actions.

Wine	Region	Vintage	Retail	Recommendation
Barefoot Chardonnay	California	2004	\$ 4.99	List as M
Barefoot Merlot	California	2003	\$ 4.99	List as M
Barefoot Pinot Gris	California	2005	\$ 4.99	List as M
Peter Vella White Zinfandel 5.0L	California	NV	\$12.99	List as M
Mirassou Pinot Noir	California	2005	\$ 7.99	List as M
Fauna Sauvignon Blanc	New Zealand	2005	\$ 7.99	List as M
Bogle Chardonnay	California	2005	\$ 9.99	List as M
Bogle Zinfandel	California	2004	\$10.99	List as M
Campo Viejo Rioja	Spain	2003	\$ 8.99	List as M
Veuve Clicquot Rose	France	NV	\$59.99	List as M

The following wines are offered as a One-Time-Only purchase. The purchasing department and Mr. Burnell recommended the Board approve the following One-Time-Only listings.

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Wine	Region	Vintage	Retail	Number of Cases
Red Bicyclette Pinot Noir	France	2004	\$ 7.99	112 Cases
Red Bicyclette Syrah	France	2004	\$ 7.99	112 Cases
Columbia Crest Cote du Columbia	Washington	1999	\$ 2.99	1,680 Cases
Mad Housewife Chardonnay	California	2005	\$ 6.99	112 Cases
Mad Housewife Cabernet Sauvignon	California	2004	\$ 6.99	112 Cases
Mad Housewife Merlot	California	2004	\$ 6.99	112 Cases
Mad Housewife "Purse" Pak	California	04/05	\$22.99	108 Cases
French Rabbit Merlot 1.0L	France	2004	\$ 9.99	70 Cases
French Rabbit Cabernet Sauv 1.0L	France	2004	\$ 9.99	70 Cases
French Chardonnay 1.0L	France	2004	\$ 9.99	70 Cases
Mezzacorona Cabernet Sauvignon	Italy	2003	\$ 3.99	392 Cases
Mezzacorona Chardonnay	Italy	2004	\$ 3.99	280 Cases

The following wines are offered to the Board in limited case quantities. The purchasing department and Mr. Burnell recommended the Board approve the following wines for "U" code listing

Wine	Region	Vintage	Retail	Number of Cases
Spruce Goose Pinot Noir	Oregon	2002	\$14.10	14 Cases
Spruce Goose Pinot Gris	Oregon	2004	\$12.52	14 Cases
Louis Martini Cabernet Sauv.	California	2003	\$11.99	28 Cases
Schonmarke Ice Wine	Ontario, Canada	2004	\$39.99	14 Cases

The Board currently lists the following wines. Based on the blind tasting OR other criteria Mr. Burnell recommended the Board DELIST the following items:

Wine	Region	Brand Code	Reason
W.B. Bridgeman Chardonnay	Washington	900698	Supply Issues

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W.B. Bridgeman Merlot	Washington	901001	Poor Sales
Peter Vella White Grenache	California	674020	Poor Sales
Rainier Ale 12oz	California	929505	Discontinued by supplier
Country Club Malt 16oz	California	929524	Supply Issues

Note: All listings are 750ml size unless noted otherwise.

Listing Symbol Codes:

No Code	Regular Listing
L	Limited Distribution
M	Mini Distribution
S	Warehouse Stock
U	Unlisted

Board Member Hoen moved for approval. Chairman Long seconded the motion, and it was passed.

The Meeting was adjourned at 9:30 a.m.

Merritt D. Long
Chairman

Vera Ing
Board Member

Roger Hoen
Board Member