

MINUTES OF THE REGULAR MEETING
OPEN SESSION
ILLINOIS LIQUOR CONTROL COMMISSION
JULY 23, 2015
WILLARD ICE BUILDING – MEDIA ROOM
10:00AM
SPRINGFIELD, ILLINOIS

The regular meeting of the Illinois Liquor Control Commission was held at the Willard Ice Building, 101 W. Jefferson, Springfield, Illinois in the Media Room pursuant to notice.

Call the Roll:

Constance Beard, Chairperson
Bill Morris, Commissioner
Jim Pandolfi, Commissioner (joining after initial call at 10:08)
Amy C. Kurson, Commissioner
Don O'Connell, Commissioner
Cynthia Cronin Cahill, Commissioner

Also Present:

Richard Haymaker, Chief Legal Counsel
Tina Tsatsoulis, Legal Counsel
Mary McNulty, Commission Secretary
Dimitri Christopoulos, (representing Restoration Hardware)
Jim Webster (representing WSDI)
Sam Vinson (representing WSDI)

I. New Appointments

A. Newly-appointed Constance Beard announced her appointment as Chair of the Commission. Chairperson Beard deferred to Commissioner O'Connell to chair the meeting due to her very recent appointment and need become acclimated with Commission policy and procedures.

Commissioner O'Connell stated that he, along with the rest of the Commission, looks forward to working with Ms. Beard on the Commission.

II. General Matters

A. Restoration Hardware Update

Counsel for Restoration Hardware and WSDI presented oral arguments to the Commission on why a liquor license should or should not be issued to Restoration Hardware.

1. Restoration Hardware

Dimitri Christopoulos advised the Commission that the issuance of a liquor license to Restoration Hardware (RH) is authorized by what was exception (f) and is now section (h) of Senate Bill 1516 (SB 1516). He further explained that it is not a violation of the three tier system because the 21st Amendment allows legislature to regulate alcohol. He explained that WSDI supported the deletion of section (f) and agreed on the language inserted into section (h). Per Mr. Christopoulos, RH satisfies the conditions inserted in to section (h). Mr. Christopoulos advised that Mr. Polenske will resign as an officer in September when RH opens, but will remain a consultant for art and furniture. Mr. Christopoulos stated that furthermore, RH has done everything to comply with WSDI's requests in the affidavit.

Commissioner Kurson raised concerns regarding tax issues with wineries in the group. Mr. Christopoulos explained that RH does not own the wineries. The agreement was that RH would send letters to each winery stating that they will not do business with them if they are not in compliance with Illinois tax laws (if the wineries were not in compliance, this would be considered a breach of contract).

Commissioner Morris inquired about RH's role and if it was related to that of a distributor. Mr. Christopoulos explained that if RH is affiliated with a winery which ships wine direct to consumers in Illinois, then that winery will have a direct to consumer shipping license issued by the Commission which will pay a gallonage tax as well as collect the appropriate sales tax.

Commissioner Cahill was concerned that Masonry Napa Valley is the name of the restaurant and urged Mr. Christopoulos to speak with his client about changing the name. Commissioner Cahill also raised questions regarding the regulation of RH's conditions. Ms. Cahill suggested RH have accountants certify all sales records to reduce the burden on ILCC staff. Commissioner Morris concurred that measures should be taken to reduce enforcement costs.

2. WSDI Argument

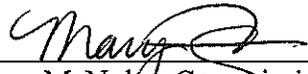
Jim Webster stated that issuing RH a license would be an attack on the three tier system and advised the Commission that the conditions would be unenforceable. He explained that WSDI supported the deletion of subsection (f) in SB 1516, and that if RH complied with 6-4, 6-5, and 6-6, WSDI would have no objections. Mr. Webster explained that WSDI is concerned because issuance of a license would result in a change in the marketplace. Sam Vinson added that section 6-5 is a major concern because others will try to follow in the path of RH.

Commissioner Morris suggested that, because the Commission has a newly-appointed Chairperson, this issue be deferred to the Chicago meeting on August 19th to allow for adequate review. A motion was made by Commissioner Cahill to table the issue. Motion was seconded by Commissioner Kurson. Motion unanimously approved.

III. Adjournment

Commissioner Pandolfi made a motion to adjourn the meeting. Motion was seconded by Commissioner Morris. Motion unanimously approved. Meeting adjourned at 11:21 am.

ATTEST:



Mary McNulty, Commission Secretary