



Business Advisory Council

Meeting Minutes
November 29, 10:00 a.m. - Noon
Liquor Control Board
Headquarters Office
3000 Pacific Avenue SE
Olympia, WA 98501

Business Advisory Council Members in Attendance:

| | |
|---|---|
| <p>Council Members: (Refer to sign-in sheet)</p> | <p>Liquor Control Board: Ruthann Kurose, Board Member Sharon Foster, Board Member Chris Marr, Board Member Pat Kohler, Administrative Director Rick Garza, Deputy Director</p> |
|---|---|

Also in Attendance:

Mary Tennyson, Senior Asst. Attorney General

Chris Marr, Board Member of the Liquor Control Board welcomed the members of the Business Advisory Council (BAC) and other guests and introductions were made by the Board and management team.

Also attending via Conference Call were approximately 50 call-in guests.

Chris Marr

Chris discussed the outcome of the election and the goal of bringing groups that work with WSLCB on an advisory basis up to speed at this meeting, the upcoming DRAW meeting, and the upcoming Tribal Council Meeting. Chris stated that the primary focus of this meeting is questions around the implementation of 1183, as there seems to be a lot of unsettled interpretations of the issues that come from the initiative. It was discussed that as questions arise during the meeting, they will be answered if possible, or they will be documented on a white board (in what is called a parking lot). Answers to questions that could not be answered during the meeting will be sent out by Frances Munez Carter according to a mailing list created during the meeting.

Rick Garza, Deputy Administrative Director

(See I-1183 Handout with Key Dates) Rick Garza provided a quick overview of the I-1183 handout, which provided key dates including the effective date of the initiative and effective

dates of some of the new licenses and endorsements. The handout also includes a brief overview of the emergency rules, with the effective date of the initiative being December 8, 2011. The rules will be brought to the Board on December 7. Rick explained that there may not be enough time for a deep discussion about the rules and that even though they are emergency rules, the regular process will be followed. A draft of the emergency rules will be sent out the day after the meeting to meeting attendees, and attendees are urged to give feedback; however, Rick stated that there may not be enough time to incorporate feedback, but the discussion can begin around these emergency rules. Right after the initiative passed, the first thing the Board did was hold emergency meetings with state store managers, then contract store managers, briefings with the Governor's office, briefings with legislative staff, and then stakeholders; all three tiers of producers, distributors, and retailers. It was stated that not all of the questions presented at this meeting will have a clear answer. At this time, questions will be documented, then follow-up may proceed at a later date.

Emergency rule adoption was discussed and new licenses and endorsements were discussed. **See handout which includes:**

1. Spirits distributor License
2. Spirits retail License
3. Wine Retailer Reseller Endorsement
4. New section in RCW 66.24 applying to distillers

One of the issues that is still in question is "trade area". Trade area still needs to be defined. The goal is to have a definition in place in the next 4 weeks, by January 1.* There are also certain rules on endorsements and licenses that need to be made available by December 8th, and no later than January 1.

There are four main areas that are raising many questions:

1. **Defining trade area.** – "What exactly will that look like?" Defining this term is in the works.
2. There is a provision in the initiative that refers to the **state auction of the liquor stores.** It seems to imply that the state has an asset that it can sell while the state actually leases those spaces. This is NOT a state asset, just a lease that is held with the landlord. This will be a little confusing.
3. **Distributors Fees** – Lots of questions surrounding the \$150 million that needs to be paid up by March of 2013.
4. **Central Warehousing** – There is a provision that says cooperatives or associations can register a warehouse. Input is needed from meeting attendees.

Brian Smith, Communications Director

Brian Smith commented that there seems to be a need for information, and the WSLCB has a commitment to make information available; however, they are choosing to move carefully so they don't put out information that we will need to change, so information that goes out is information that is reliable. The best place to go for information is the web section – I-1183 Transition (green icon). Information will be posted as available. Basics: copy of initiative, fact sheet with timelines, and also specific information stakeholders will want. There will be separate places for contract liquor store managers, state store managers, retailers, etc.

Chris Marr

Chris stated that Brian has worked hard to promote proactive information sharing and announced that the next part of the meeting will focus on questions and concerns around I-1183,

rulemaking, and challenges. Many folks have many questions but during this meeting there will be a focus on questions of BAC members. Then other guests may be able to ask questions. If questions cannot be answered, they will be reserved in the “parking lot” for later follow-up.

Question and Answer Open Session

See Q & A sheet from Frances Munez Carter.

Meeting adjourned at 11:25.

Handouts:

1. I-1183
2. I-1183 Rulemaking Plan November 2011
3. Liquor Control Board Transition Challenges

*Subsequent to the BAC Meeting, the Board has decided that trade area will be defined after June 1, 2012. The LCB will work with stakeholders to determine the definition.