



Board Caucus Meeting

Tuesday, January 25, 2022, 10:00am

This meeting was held via web conference

Meeting Minutes

CAUCUS ATTENDEES

Chair David Postman
Member Ollie Garrett
Member Russ Hauge
Dustin Dickson, Executive Assistant

GUESTS

Anita Bingham, Director of Human Resources

EXECUTIVE SESSION – QUARTERLY HUMAN RESOURCES REVIEW

At 10:01 Chair Postman announced the Board would go into Executive Session. He anticipated the Executive Session would conclude at 10:40am.

At 10:40am Chair Postman announced the Executive Session had concluded.

APPROVAL OF MEETING MINUTES

MOTION: Member Garrett moved to approve the January 18, 2022, Board caucus minutes

SECOND: Member Hauge seconded.

ACTION: Chair Postman approved the motion.

BOARD MEMBER AND EXECUTIVE ASSISTANT REPORTS

Chair Postman: Dustin, any business for the Board?

Dustin Dickson: Not that I can think of, no.

Chair Postman: We can reserve any subsequent Board member reports until after our last item. We're going to take a few minutes to honor our colleague Russ Hauge, this is his last meeting as a member of the Board. We've got some staff on the line that wanted to say a few words, then we can come back to Ollie and I.

RECOGNITION OF BOARD MEMBER RUSS HAUGE'S RETIREMENT

Chair Postman: I know that Russ is not one for the spotlight, but people felt strongly that they wanted to have the chance to talk to you and talk about you and the commitment you've had to public service and what you've done to help us. Let's start with Jim Morgan, the agency CFO.

Jim Morgan: Thanks. Hi Russ. Russ and I have had the chance to work pretty closely together for the last five years on the Tribal Compact team, and I just wanted to say that I'm glad to have had the opportunity to get to know you through that process – through the mostly ups, and a few downs – but we worked through them and I've appreciated your contribution to that effort. I want to wish you all the best in your retirement.

Member Hauge: Thank you, Jim. I appreciate it. It's been a privilege to work with you as well, particularly on those projects.

Chair Postman: Brian Smith, Communications Director.

Brian Smith: Hey Russ, I just wanted to take a moment to say thank you for everything that you've done. You're a good guy and I've enjoyed working with you your entire tenure here. I've been here this whole time and we've worked on a number of things together. I want to wish you the best going into retirement, with your family, and hope you enjoy that time – you deserve it.

Member Hauge: Thanks, Brian. This is the first time I've worked with a really professional Communications Department and it's been a revelation. I really appreciate the work you and your team do. You've given me, I know, and the whole agency, really good support. I appreciate it.

Mr. Smith: Of course, thank you.

Chair Postman: Chandra Brady, Director of Education and Enforcement.

Chandra Brady: Thank you. I just wanted to take a moment to appreciate your ability and willingness to debate issues. And another thing I really value about you is diversity of thought and opinion from your experiences. I only had the pleasure of working for you – with you – for a year, and I always looked forward to a time when you and I really disagreed because I knew the fireworks would be outstanding. I'm just sorry that we never got to have that experience before you were leaving. I hope you enjoy your retirement, and thank you.

Member Hauge: Thank you, Chandra. Again, I appreciate the work you've done with the newly styled department, and I look forward to continued improvement in that service we provide.

And you will appreciate this, one of the things I'm going to be doing first, here, is going to visit my grandchildren, but I'm also going to visit a breeder of English Labradors who has a nine month old for me. She and I will be returning from Texas just after Valentine's Day.

Ms. Brady: Congratulations! Maybe we'll have to have a puppy play date!

Chair Postman: Is that a thing?

Ms. Brady: Yes, it's a thing, Board Chair.

Chair Postman: Okay, thank you. Chris Thompson, Legislative and Tribal Affairs.

Chris Thompson: Thank you, Chairman Postman. It's a pleasure to say work or two. Russ, it's not a pleasure to see you go. You'll be really missed. Jim Morgan alluded to your work on the Tribal Compacts team – I wanted to underscore how much your institutional memory will be missed there. Obviously the thoughtful, engaged and creative thinking you've brought to that team in helping us work through some tricky issues there will be missed.

I also want to say I admire and respect your commitment to public service. I often think no good deed goes unpunished – this is true of most forms of public service. I want everybody listening to know that Russ played a really important role in some of the work I've seen or been involved in since I came to the agency. For example, when we were retooling how we approach enforcement, it was Russ who led the charge in saying "let's cut the penalties in half". It was Russ' idea to create a deferral process, also, to give yet another opportunity for licensees having trouble reaching compliance to get there with minimal sanction. Those types of contributions got no recognition and no credit – and I know Russ, you don't seek that in particular – that leaves for us, your colleagues and associates to acknowledge and recognize those contributions at an appropriate time.

You've always been very eager to help, also, in our legislative program. In fact, Russ volunteered to spearhead our work on an Odor Task Force that due to inadequate funding never got off the ground, but it says something to me and should to others about Russ that even as sticky a wicket as that – he was willing to go all in, roll up his sleeves, and see what could be done to make some progress for our system.

I'll miss you a lot, Russ, and it goes without saying that you've really richly earned and deserve your retirement. Thank you, it's been an honor to work with you.

Member Hauge: Thanks, Chris. I feel the same way about you. Before I came to the agency, I worked for 20 years doing legislative lobbying – but in the criminal justice realm primarily – and I've got to tell you that since I just stuck my toe in the lobbying waters outside of criminal justice and almost got it bitten off, that I great appreciate the skill and ability you bring to the job. You have my admiration and appreciation of a hard job that's done well every day. I appreciate that you are of great service to the agency.

Mr. Thompson: Thank you, Russ.

Chair Postman: I know Rick wanted to talk, but I wanted to see if there was anybody I missed before we go to him. Seeing none – Rick Garza, our Director.

Rick Garza: Thank you, Chair. Russ, well Chris – I was going to go to the – given the criticism with respect to Enforcement, he kind of preempted me because I was going to share – and I think people aren't aware, even though we've told them and told them – I was in the room when you suggested we cut penalties in half. And the other work that Chris talked about, so, unfortunately, as we continue to try and educate folks about what we've done with respect to Enforcement – not just in 5318, the bill that passed, but the work that the Board did and our rules team did to put that in place. And the reality that Chandra's been sharing, and we've been sharing, for quite some time, that our focus of enforcement has changed dramatically. You're a big part of that.

Thank you for your years of service to the state. Thank you for your years of service to the LCB. Chandra – she's correct – there's never a dull moment when you are in the room, Russ. And I say that, not for lack of integrity, that you have. There's just no doubt you have the integrity that's necessary. And, while we don't always agree, that doesn't really matter, we're not always going to agree. But you have the best of intentions in mind. I know that for a fact.

I remember not long ago you had talked about retirement, and congratulations on that. I'm fortunate that I'm only 15 minutes away from my grandson, and that has been an experience – I had no idea how wonderful that would be. So, when you talk about grandchildren, I can't imagine having more than one and spending time with family which matters so much. So many of us put our life into this work that we do, called public service, and we don't give ourselves enough time, sometimes, with the ones we love the most.

Congratulations in retirement. I wish you well, and I thank you for all your years of service to the state and to this agency. Thank you, Russ.

Member Hauge: Rick, you are welcome. I have greatly appreciated working with the agency. We do good, useful work, and that as I've said before is not easy to come by. I remember one of the first impressions I had when I walked in back in 2015, the organization at that time was pre COVID, it was an exciting time, we were on the verge of implementing the cannabis rules, and I was struck by some of the HR reviews I saw I those first few days and weeks as to how health the organization was. And, how committed everyone was to the same goal – which is providing professional services, necessary services to the people of the state of Washington. And, that's you, Rick. I appreciate that.

I never thought I would ever work in the regulation of controlled substances, but this has been a great experience for me. I have appreciated the opportunity so very much. Thank you.

Mr. Garza: Thank you, Russ.

Chair Postman: Ollie, that leaves you and me, would you like to go on?

Member Garrett: I'm not going to repeat everything everybody said, Russ. I echo a lot of it. What I've really enjoyed – and I'm going to miss you – was the willingness to debate. We had debates, but I love how we would always end up – first with respecting each other's opinion – with the right answer to those debates. That doesn't always happen with other people, that we can agree to disagree, have different opinions, but still have unity on the solution. I'm really going to miss you, and miss those debates, or I'm going to have to make sure that David and I have those types of debates! It's really great, on the Board, to see how we all are different, come from different backgrounds and environments, that made us are who we are today, and have respect for each other when we're working together on solutions. I really have enjoyed working with you and us together as a Board, and how we get things done. I'm going to miss you!

Member Hauge: I'll miss you too, Ollie. I spent ten-plus years in private practice and was a partner at a small law firm, and that relationship – being partners with somebody in important work is hard to come by. It's a complex relationship, and it requires honesty from both sides. It requires strength. You've got to step up and say what you believe. But at the end of the day you remember we're sharing the responsibility, we're sharing the load, and we've got to get this work done for the people that count on us. I've felt that with you, Ollie, from the very first. I felt that with Jane, Ruthann, I feel it with you, David. To be partners – it's a hard relationship but it's a great relationship and I really appreciate that with you. And please, going forward, if there is anything I can do to be of assistance in anything you are doing, give me a call. I would hate to think we're not going to have any kind of relationship going forward.

Chair Postman: Russ, I don't know what these people are talking about, about debates and disagreement, you and I have never disagreed on anything!

The one thing we haven't really mentioned, and I know people know this, but you're not just retiring from the Board, here. This is a big step in a really long public service career. We should take a second and

think about that. When I moved to this state, I was a reporter, and I knew of you before I knew you, and knew that you were over there in Kitsap County and was the prosecutor there for years. 20 years, you were the elected prosecutor, which in and of itself is an incredible accomplishment.

So, when I ended up in the Governor's Office, your name was often raised and you were put to work – the Sentencing Guidelines Commission, then the LCB, then the LCB again. To me that really shows your character and what you are made of, which is that you are somebody that people turn to, to serve the public. And that's what it is. You aren't out there making yourself rich, you're out there finding ways to work and I think in the almost year that you and I have served together on this Board, I see that all the time. That commitment to figuring out what the right thing to do is. And, I've mentioned this, your guidance just on the legal side has been so important to me, to be able to look at cases and have the experience of someone like you to help me learn and figure out where the difficult conflicts are sometimes, has been – I'm going to really miss that and it's been really important to me – and to do it in a such a supportive way.

You know, people have talked about your work on the penalty structure and things like that – it's incredible to think about the evolution of this agency, on the cannabis side, and the evolution of you as a prosecutor. Your job was to prosecute people. Then you came to this agency at a time when our own state and society was trying to adapt to "what does it mean to have a legal cannabis system". You've helped turn this around to a place where we don't penalize people as had been done before. We're looking at things all the time – there was a recent example that you and Ollie both brought up that "do we need to do the same thing when we're moving floor plans for cannabis stores", and it was "no". So, we're working on that. And that kind of mixture of common sense, support for the small guy, and understanding of the system has been great.

What's really, really, been true since I showed up here, is your commitment and advocacy for the small business that are involved in industries that we regulate. Particularly in the cannabis realm, which again is the most dynamic piece that any of us deal with these days. You have fought for them, hard. That's where there have been some disagreements, but as important as your work has been done on the penalty structure, you should feel really proud with the work that has gone on about these new derivatives – delta-8 and delta-9. It was one of the very first things that he mentioned to me when I called you before I got this appointment, when I was trying to figure out what do, and you said that was one of the things on the horizon that I want to be engaged with. And, boy, I felt like that just hit me like a ton of bricks the day I got in here. That was all we talked about was delta-8. Then all of a sudden it was delta-9. We've come up with a really good piece of legislation and a really good rules package. It's not everything you envisioned at one point, it's not anything anybody envisioned at one point, but it wouldn't be where it is if we hadn't had those discussion – and yes, debates and disagreements.

And then, just to underline something that Ollie was saying about the debate, you know some people pity us because we can never meet in private. It works, people! We come out here and have these disagreements and discussions and then we move to the next item and we work as partners as you described, Russ. It can be done, we are partners in that, and we are partners with our agency staff. It's been – I just feel really lucky to have been able to work with you in this way for the past nine months. You have a whole career of public service. It's something everybody should take a moment and appreciate. There's few people that give their life for that, and do it so well, and do the tough jobs, and you've done it, Russ. I appreciate it, and I know the Governor has appreciated it too. Thank you.

Member Hauge: Thank you. I really appreciate that It has been one of the greatest privileges of my life to be on the other end of a phone call from Christine Gregoire, or Governor Inslee, and be able to assist. Be able to be of some use. That's been an enormous privilege that I've had. I can't say enough about that.

David, of course what I said about partnership applies to you as well. You had to jump into the fire, really, and we worked through it. Like you said, the system that we have in place here works. It creates a few sparks every now and then, but if you have Board members who are committed to their duty, I think this system works pretty well. I do wish we could hang out and talk about kids and dogs, but maybe that will happen someday when we get back in the office, who knows.

I want to say to the people that we work with, the license holders, we spend most of our time on cannabis but I want one of the last things I say here to be my recognition of the incredibly difficult things everyone has had to do on the alcohol side. Particularly the retail side of our regulated alcohol industries – this has been an enormous challenge for them. I know that they are all hurting financially, and I'm sure going forward that you will remain committed to trying to ease that burden as much as we can.

And on the cannabis side, I want to say one thing. Well, I want to say several things, but – first off, historically, it is true that at any given moment we have between 16,000 and 19,000 people locked up in Washington's prisons. At the time that Initiative 502 passed we had exactly six people in there, six, that were there for cannabis-related crimes. Cannabis has not been a primary motivation for enforcement at the local level, I can say with a high degree of confidence, for quite a while, other than the flare-ups now and then which we would take very seriously when got a hold of a shipment of methamphetamine or heroine and there were several pounds, or hundreds of pounds, of cannabis with it. That got our attention. But, it's been part of our life here for a long time, and taking the step into regulation rather than prohibition was natural.

I can speak for many, many elected prosecutors when I say "fine, just get it out of our hair". I want to say that going on to the other side, and actually dealing with people that are trying to make a living in this industry, a legal living in the new industry, has been enormously impressive. We have people that have invested all of their money and all they could borrow and are working their tails off to try and make it go forward.

And I want to just say this, never ever have I had any antipathy towards people involved in the cannabis market. They are hard-working, they are farmers, they are workers, they are processors, they are sales people, they are doing everything they can do. What I don't like is lying, cheating and stealing. And that, to me, in this role, has taken a commitment to us playing by the rules until the rules change. And if people want to change the rules, then the legislature and our agency, then I'm all for it. If the three of us, or the three people who have this job, I'm confident will discuss it professionally and make the right call, balancing all of the things we have to balance. I don't have any fear about that. I think this is going to go forward. This industry has got some obstacles ahead, but, any new industry is going to have that.

I'm sorry I'm not going to be part of the process going forward, but I'm not sorry that I am finally not going to have a job anymore – it's going to be nice! I am looking forward to not thinking about public service for, at least, the next three or four months. But after that, if anybody wants me you've got my number. Seriously, David and Ollie, people of – all of you – if there is anything I can do going forward give me a call. I will always love to hear from you. I will always cherish the time I had here and I will look forward to, I hope, seeing all of you again. I'm going to come down when the office opens up and show you my new dog, too!

Chair Postman: We'll look forward to that! Thank you Russ. Godspeed, enjoy your grandchildren and puppies, long drives and all that. I have no doubt that your phone will in fact continue to ring after a couple months' break and people will be asking for your help. So, thank you for that, we'll be in touch.

Thanks, everybody, for joining us today. We will adjourn the Board Caucus meeting for the 25th, have a great day. Thank you Russ!

Member Garrett: Thank you Russ!

Member Hauge: Thanks everyone.

Meeting adjourned at 11:07am.

Minutes approved this 1st day of February, 2022.



David Postman
Board Chair



Ollie Garrett
Board Member

Minutes Prepared by: Dustin Dickson, Executive Assistant to the Board