



Washington State Liquor Cannabis Board Meeting

Wednesday, February 7, 2018, 10:00 a.m.
LCB Headquarters - Boardroom
3000 Pacific Avenue SE, Olympia WA 98501

Meeting Minutes

1. CALL TO ORDER

Chair Jane Rushford welcomed everyone present and called the regular meeting of the Washington State Liquor and Cannabis Board to order at 10:00 a.m. on Wednesday, February, 2018. Member Garrett was also present. Member Hauge was excused.

2. APPROVAL OF MEETING MINUTES

Approval of the January 10, 2018, meeting minutes were postponed.

MOTION: Member Garrett moved to approve the January 24, 2018, meeting minutes.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

3. ACTION ITEMS (A-D)

ACTION ITEM 3A - Board Approval of CR 102 for Packaging and Labeling Rules

Joanna Eide, Rules and Policy Coordinator, began the briefing with materials (HANDOUTS 3A 1-4). She reminded that the LCB had convened a workgroup through much of 2017 including members of the industry, Department of Health, Washington Poison Center and others.

Joanna: We worked with Colorado and Oregon as well as outside research entities. The information they had to present to us related to packaging and labeling. The workgroup compiled a lot of information that informed this rulemaking directly. I will go through the tentative timeline for this rulemaking but wanted to mention at the outset that we are proposing an extended effective date for these rules should they be adopted by the Board, to allow time for licensees to cycle through existing product and make necessary adjustments. It is also our hope that the new requirements make things easier and more efficient for licensees. Hopefully the transition to the new requirements will be less impactful for them. We know that many licensees have about six months of inventory on hand. Other industry members have requested delayed effective dates up to 18 months. On the materials in the Board packet today we have a tentative delayed effective date of one year after the date of adoption should the adoption proceed on schedule. Of course that is something that we are still discussing so if the Board would like to adjust the effective date they may do so.

I will walk through the proposed changes that are contained within this rulemaking. I know we've met on this several times before but I want to put this on the record.

The warning statements that are included for products here have been significantly streamlined, many have been consolidated or shortened. The consumer would still have the same effectiveness of the warning statement while shortening that warning statement to reduce the real estate impact on packages and labels, which is something that we've heard a lot of concern about from industry members.

Additionally, there are things that have supplanted certain warning statements. One of which is the universal symbol proposal. The universal symbol takes the place of a sentence that says "this product contains marijuana" and also "for use by persons 21 years of age or older". The symbol will take up the spot on the package that would normally have that language. We did hear a lot of concern from people that when looking at an actual package it is difficult to tell whether or not the product is or contains marijuana just by looking at the front of the package. The universal symbol is an effort to ensure that it is easily and immediately identifiable upon viewing it that the product is or contains marijuana. It is also similar to requirements that both Colorado and Oregon have for universal symbol within their states. This will not take place of the "not for kids" warning symbol. Should it be adopted by the Board it would be on all products, but the "not for kids" warning symbol would still be applied to all marijuana edible products.

There are some packaging adjustments in this rulemaking. We heard a lot from licensees that they would like to have some additional flexibility while still meeting child resistant requirements for certain products in particular, such as lozenges or capsules. The rule proposal includes the flexibility for licensees to continue using the current packaging methods for marijuana infused products, or they may be able to package items such as lozenges or capsules and similar products on a case by case basis to be packaged loosely as opposed to being individually wrapped.

Other changes include requiring that infused liquid edible products and packages with more than one serving be resealable, though do not have to be child resistant due to challenges with packaging carbonated liquid. The intent behind this is to ensure that you are able to reseal a package for a liquid that contains more than one serving, and to reduce overconsumption. Also, only infused liquid edibles in packages containing a single serving may be packaged with a non-resealable closure such as a crown style cap.

We have also included in this proposal adjustments for the UBI numbers. Previously it was 16 digits, we have gone back to the nine digit which has been a part of the Board interim policy.

We've also preemptively included in this proposal, in anticipation of the passage of legislation this last session, the removal of the retailer business or trade name and UBI number from the package requirements. This is information that we can glean from the traceability system so it isn't necessarily needed on the package. This is also something that the industry heavily requested because it will promote a lot of efficiencies for producers and processors. The producer and processor name and UBI still need to be on the package but that should be fairly easy to do because people are already doing that. Removing the retailer name will help licensees be able to fulfill orders more simply rather than having to have very specific labeling for each product.

There is also a proposal to remove the harvest date, manufacture date, and best by date from required information on labels. This information may still be placed on the label as an option, but is proposed to be removed as a requirement.

Next is the removal of a lot of accompanying material requirements except for the pesticide information. The reason for this is because some of those warnings were more appropriate to appear on the label, but also may be able to be communicated to consumers in another way. We continue to work with the Department of Health for ideas for signage requirements at the retail locations similar to liquor licensees. This will be handled in separate effort.

For the accompanying materials there is some clarification here. I believe it has been unclear for licensees thus far that accompanying materials can be provided in an electronic format such as a URL or QR Code on the label, for example. We did include language that clarifies this.

We've included some general improvements to the organization of the rule to enhance the clarity of the rule overall. All of the changes that are proposed within this rulemaking are contained within the issue paper presented to the Board today. We have had a lot of conversation about these changes, and I hope that we will be able to address industry concerns with these proposed changes while still communicating the necessary information to consumers and meeting our mission and goals as an agency.

Ms. Eide then requested approval from the Board to file proposed rules.

MOTION: Member Garrett moved to approve the filing of proposed CR 102 for Packaging and Labeling Rules.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

Timeline

January 11, 2017	Board approved filing the pre-proposal statement of inquiry (CR 101)
February 7, 2018	Board is asked to approve filing the proposed rules (CR 102 filing)
February 21, 2018	Code Reviser publishes notice, LCB sends notice to rules distribution list
March 21, 2018	Public Hearing
March 21, 2018	End of written comment period
April 4, 2018	Board is asked to adopt rules
April 4, 2018	Agency sends notice to those who commented both at the public hearing and in writing.
April 4, 2018	Agency files adopted rules with the Code Reviser (CR 103)

April 4, 2019

Rules are effective. The WSLCB is proposing a delayed effective date for these rules

ACTION ITEM 3B - Board Approval of CR 102 for Marijuana Retail License Forfeiture Rules as a Part of the 2017 Marijuana Legislation Implementation

Joanna Eide, Rules and Policy Coordinator, began the briefing with materials (HANDOUTS 3B 1-3). She provided background noting that this rulemaking is the result of legislation passed in 2017.

Joanna: Last session, ESSB 5131 was passed, which directed the LCB to create a process for the forfeiture of marijuana retail licenses that are not fully operational and open to the public within a specified period from the date of license issuance subject to a few restrictions. Those changes were codified in RCW 69.50.325, so we are bound by law to move forward to implement these rules.

The exceptions for the forfeiture process are:

- No marijuana retailer's license may be subject to forfeiture within the first nine months of license issuance; and
- The WSLCB must require license forfeiture on or before 24 calendar months of license issuance if a marijuana retailer is not fully operational and open to the public, unless the board determines that circumstances out of the licensee's control are preventing the licensee from becoming fully operational and that, in the board's discretion, the circumstances warrant extending the forfeiture period beyond twenty-four calendar months.

Rulemaking is necessary to comply with the directive in ESSB 5131, codified in RCW 69.50.325, and to create the process the WSLCB will use for retail license forfeitures. This proposed rulemaking is part of a larger rulemaking effort to create and amend rules as needed for 2017 marijuana legislation. A separate CR-102 filing will propose other rule changes needed resulting from 2017 marijuana legislation.

This new section in chapter 314-55 WAC details the process that the WSLCB will use in carrying out marijuana retail license forfeitures as directed by ESSB 5131 and codified in RCW 69.50.325. A marijuana retailer's license is subject to forfeiture if the retailer is not fully operational and open to the public after nine months of issuance of the license or April 23, 2018, whichever is later. The following criteria is included in the proposed rule to determine whether a marijuana retail license is fully operational:

- The business must be open to the public for a minimum of five hours a day between the hours of 8:00 am and 12:00 midnight, three days a week;
- Posts business hours outside of the premise in the public view; and
- Reports monthly sales from the sale of marijuana products and pays applicable taxes.

The above criteria must be met for a minimum of 20 consecutive weeks within a nine month period for the business to be considered fully operational and open to the public. The reason why it is 20 consecutive weeks is that it is closer to about five months within that nine month period because we understand that people generally on the date of license issuance aren't necessarily ready to open their doors the same day. We want to have some lag time to provide flexibility for that.

A marijuana retailer's license will not be subject to forfeiture if the licensee has been incapable of opening a fully operational retail marijuana business due to actions by the city, town, or county with jurisdiction over the licensed business to include:

- The adoption of a ban or moratorium that prohibits the opening of a retail marijuana business; or
- The adoption of an ordinance or regulation related to zoning, business licensing, land use, or other regulatory measure that has the effect of preventing a licensee from receiving an occupancy permit from the jurisdiction or which otherwise prevents a licensed marijuana retailer from becoming operational.

The Board has the sole discretion to grant exceptions to the license forfeiture process if a marijuana retailer licensee had circumstances occur that are out of their control such as a natural disaster. There are some requirements for documentation of those conditions that are preventing the retailer from opening. Lastly, there are provisions for an administrative hearing should a retailer be subject to forfeiture.

Timeline

July 12, 2017	Board approved filing the pre-proposal statement of inquiry (CR 101)
February 7, 2018	Board is asked to approve filing the proposed rules (CR 102 filing)
February 21, 2018	Code Reviser publishes notice, LCB sends notice to rules distribution list
March 21, 2018	Public Hearing
March 21, 2018	End of written comment period
April 4, 2018	Board is asked to adopt rules
April 4, 2018	Agency sends notice to those who commented both at the public hearing and in writing.
April 4, 2018	Agency files adopted rules with the Code Reviser (CR 103)
May 5, 2018	Rules are effective (31 days after filing)

Ms. Eide then requested approval from the Board to file proposed rules.

MOTION: Member Garrett moved to approve the filing of proposed rules (CR 102) for Marijuana Retail License Forfeiture Rules as a Part of the 2017 Marijuana Legislation Implementation

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3C - Board Adoption of CR 103 for Public Record Rules

Joanna Eide, Rules and Policy Coordinator, began the briefing with materials (HANDOUTS 3C 1-4). She informed that only one comment was received, however it was a request for something she could not accommodate or change in rule because the request could only be fulfilled through change in law.

Joanna: I want to note a couple technical changes that we made in WAC 314-60-100. The WAC section details a list of exceptions to public disclosure that are not contained within the Public Records Act; these appear within other areas of statute. A couple of the exemptions listed were actually in the Public Records Act so it didn't make sense to include them in rule. We struck those exemptions out of the rule. Otherwise, the changes are as proposed.

Again, these changes were needed because of changes in 2017 law. We've had a couple emergency rules to make the changes needed prior to the permanent rules becoming effective. New provisions in law require the agency to either calculate the actual cost of providing public records to requestors for each request or if calculating actual costs would be unduly burdensome, charge up to the default amounts in Section 3 of that bill, which is exactly what is incorporated into the proposed rules.

At the same time, we did a chapter review of our public records rules in chapter 314-60 because it hadn't been done for some time. There is an overall organizational clean-up and updated information that is also incorporated into this rulemaking.

Timeline

If the Board adopts this CR 103 today, I will file today, and it will be effective March 10, 2018.

Ms. Eide then requested approval from the Board to file proposed rules.

MOTION: Member Garrett moved to adopt the proposed CR 103 for Public Record Rules

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3D - Board Adoption of CR 103 for Marijuana Advertising Rules

Joanna Eide, Rules and Policy Coordinator, began the briefing with materials (HANDOUTS 3D 1-4). She informed that there is a summary of comments received included in the concise explanatory statement.

I won't go through each statement received but will touch on a couple important things that necessitated some technical and clarifying changes in the rules after the CR 102 was filed.

Adjustments were made for clarity and to adjust minimum sizing for billboards directly in response to comments that we received. Those changes include insertion of language that says that all text on outdoor signs including billboards is limited to text that identifies the retail outlet by the licensee's business or trade name, states the location of the business, and identifies the type or nature of the business. There was some confusion about whether or not that was an exhaustive list and no logos or artwork could appear, so we made some adjustments to the language. There was also discussion on logos or artwork that may be included in outdoor advertising. Again, this is for outdoor advertising only. This clarifies that you can have logos or artwork that do not contain depictions of marijuana plants or marijuana products as defined in this section on outdoor advertisements. Remember, this only applies to outdoor advertisements. Any other forms of advertising that do not qualify as outdoor advertising do not have the restrictions for depictions of marijuana plants or products.

There was some testimony offered and comments received about concerns that people wouldn't be able to put up signs about parking information and no opening or consuming marijuana on the premises or other informational signs or political signs. There was a request to further clarify the exceptions to what we considered to be advertising in the rules. We did so, and included in the list of items that are not considered advertising such as a sign indicating the location is open for business, ATM inside, hours of operation, etc., or other similar informational signs not related to the products or services of the marijuana business that are not considered advertising. This helps put additional clarification in place.

There was also some confusion and concern about having the outdoor advertising requirements apply to advertisements that may be seen from outside the premises that may be located within the premises. Request was made for this to only apply to advertisements or signage placed on windows facing outward. We made those adjustments to language to accommodate those concerns. Those requirements only apply to advertising placed on windows of the premises facing outward.

Lastly, we adjusted the minimum size in the definition of billboard. It was 10 by 20 feet in the proposed rules. We heard in comments from the industry that there are many locations where that would preclude any sort of outdoor advertising or any billboard advertising within those jurisdictions and a lot of urban areas that are very dense. Due to zoning ordinances, etc., they can only have smaller signs. Further, we heard from the advertising industry that there are signs that are smaller that are part of their daily operations. We proposed reducing that size to 5 by 11 feet consistent with the comments received.

Timeline

If the Board adopts this CR 103, they will be effective 31 days after filing, which would be March 10, 2018.

Ms. Eide then requested approval from the Board to file proposed rules.

MOTION: Member Garrett moved to adopt the proposed rules (CR 103) for Marijuana Advertising Rules

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

Chair Rushford thanked everyone for their contributions to the preparation for today's meeting.

ACTION ITEM 3E - Board Adoption of CR 103 for Implementation of 2017 Liquor Legislation

Karen McCall, Senior Policy and Rules Coordinator, began the briefing with materials (HANDOUTS 3E 1-4). She reminded that there had been a supplemental CR 102 filed based on comments received from stakeholders.

Karen: We had two comments, both resulted in us making changes to the proposed rules. These rules contain the wine auction permit and new combination spirits, beer, and wine off-premise license, a caterer's endorsement for a tavern, and allowing a liquor licensee that can sell growlers of beer and cider to also sell growlers of mead.

Ms. McCall then requested approval from the Board to file proposed rules.

MOTION: Member Garrett moved to adopt the proposed rules (CR 103) for Implementation of 2017 Liquor Legislation

SECOND: Member Rushford seconded.

DISCUSSION: If any

ACTION: Motion passed unanimously.

Ms. McCall said she would file the CR 103 with the code reviser today, making them effective March 10, 2018.

4. GENERAL PUBLIC COMMENT

Chair Rushford invited citizens to address the Board regarding any issues related to LCB business.

I know that a lot of people are here to make comments on traceability concerns, so I'm going to ask if there is someone here with an issue other than that to speak first.

Jim MacRae – Straight Line Analytics

Thank you for the opportunity to speak.

I want to talk in general terms about throwing in good money after bad. I wanted to first of all comment the organization for the decision to remove the primary vendor from the system modernization project last fall. Looking through the project documents, that clearly was not going as per expectation and it was wise to make that change. Hopefully you can find a good replacement to that very important project going forward.

Also, along the theme of throwing good money after bad, it has come to my attention that you are considering what I assume to be yet another amendment to BoTech's contract, a five year old contract, to enable them to look into some of the corruption issues that are in front of the Board these days. I question this repetitive, multi-year allowance to modify substantively the terms of the original contract and thereby to avoid putting such work out to bid. Enough said on that.

In terms of that trend, of course the traceability project that is underway right now and is clearly still being worked on very heavily, has a significant budget in excess of three million dollars. A lot of that has no doubt been spent already. The results you'll hear about so I'm not going to talk to it, but again that is throwing good money after bad if you continue down that path.

Finally, the data in the public records requests. I understand the legislative mandate, but adding a cost burden to that may well lessen the transparency of this organization. I would like to think that some of the requests that have been outstanding in excess of 18 months are not going to be included in that.

Chris Sheets – UW Student

Mr. Sheets stated that he was a student at the University of Washington in the doctoral program and also a registered nurse at Harborview Medical Center.

I'm here today to ask that the Board consider policy change regarding legal age of purchase for recreational marijuana, and look towards amending that to age 25 instead of 21. A lot the newer research that has come about since the passing of I-502 indicates that the brain isn't fully developed until roughly age 25. Areas of the brain that marijuana does effect have shown slower growth rates, and those areas are concerned with decision-making, the amygdala process, and also non-drug reward centers. So, things like the ability to experience pleasure through music, arts, or other aspects of culture.

Additionally we are finding that there are more links between schizophrenia and marijuana use under age 25. These are studies that are coming out across the nation from different universities. I would ask that the Board putting a workgroup together to evaluate that and see if that is appropriate for Washington State.

Chair Rushford asked Deputy Director Peter Antolin to provide an update on traceability.

Mr. Antolin agreed to address the Board.

The system has been on Board since midnight February 1, 2018, so we are in our seventh day of the new traceability system. So far we have had almost 1,100 licensees get access to the system, which is about two-thirds of our licensees. We've got roughly a little under 700,000 plants that have been added and roughly 1,000,000 inventory items as well. About 25,000 transactions have been completed totaling about 3,500,000 dollars in commerce.

We recognized when we went live with the system that there were going to be issues. We used the Advisory Committee to share the information that the system wasn't as perfect as we would have liked given the time constraints. In recognizing that there were going to be issues, we have worked very closely with MJ Freeway to make the help desk resources available. In that context, the volume of calls was much greater than MJ Freeway had anticipated and so they have almost doubled their staff in terms of resources to address that.

In addition to that, we are aware of the struggles, particularly to transfers and manifests that came to bear late Saturday evening. Again, that did create some stoppages in commerce, and that issue was resolved Monday afternoon. We've looked at the issues that have been brought to our attention and we have taken steps to look at the root causes of these issues and thrown resources to address them to the greatest extent possible. The issues that we've become aware of, we have tried to rectify and have rectified the majority of them. Issues do continue to come up and we have been working with the licensees trying to

get an understanding of what those issues are. Part of the issue I think has been the backlog of calls to MJ Freeway's help desk, so many of the licensees have been calling our MJ Examiners as well as our own customer service lines as well as our Director, myself, and other members of our staff. In those instances we have forwarded those calls to MJ Freeway and our project team to get to the root cause of those issues.

Problems are still prevalent but again, we are still looking at the causes of those issues so they can be addressed as quickly as possible. In addition to that, MJ Freeway is going to have a webinar at 1:00 pm to address some of the transfer issues. I'm sure they will answer any other questions that may come up. This is an interactive webinar, so I really encourage our licensees to take advantage of this.

In addition to this, I want to make myself and the members of our project team, Mary Mueller our CIO, Jay Barott our project manager, Justin Nordhorn our Chief of Enforcement, available to meet with licensees after the meeting in order to answer questions. We will take notes in terms of the issues they are facing that we can then take back to research and investigate causes, and develop fixes as well. With that I'll be happy to answer any questions.

Chair Rushford reiterated that Peter, Jay, Mary, Justin, and Peter were going to be available when the meeting adjourned to talk about specific issues and to help navigate next steps.

Chair Rushford thanked Peter and everyone for their patience and participation. She also acknowledged the LCB staff because many of them have been working around the clock since the transition began and before that in preparation for it. It is very much appreciated and acknowledged. With that, we have a few people that would like to speak.

Dani Luce – GOAT Labs

Sadly I have to say this transition has been anything but smooth. I'm not only here to represent GOAT Labs, but I'm here to represent the processors and producers that we serve. For us, it's not been simple. I've asked repeatedly for the trainer at Leaf to call me because there were issues with the lab training videos and the user manuals for testing labs. The training manuals were actually geared toward retail outlets not the training labs.

As many of my clients and handful of the LCB staff know, I have done a lot of software support for BioTrack, written walkthroughs on a number of issues including theft, and putting products into traceability on BioTrack.

In my prior career, I was a DBA. For those of you that don't know what a DBA is, it is a database administrator. So, I've been through a number of software changes over the years. There have been a few issues along the way, but never has it halted production. Bugs can be fixed, but when a system shuts down an entire industry that is a fail.

Do you understand the impact that this has had as a whole on the industry and the amount of money the processors and producers, the retail outlets, and the labs have lost in the last seven days we have been unable to do business? The tax impact for you on the state funds is unknown at this point but it's going to be a lot. Leaf admitted yesterday while I was on the phone with their tech that the lab side of things still has issues. My ticket number is 0005329. The system that I wanted to use won't turn Leaf on until a handful of issues have been fixed. Bio can't do the API integration for the labs at this time. The conversion factor isn't working correctly. Some of the fields are incorrectly mapped on the back-end, etc.

Chair Rushford informed Ms. Luce that her time had expired and thanked her for her comments.

Ms. Luce stated that she had an additional comment. Chair Rushford permitted her to provide a final statement.

On behalf of my clients, they say that they do not have a valid license in Leaf, they can't input inventory, can't move plants. Another client can't manually add inventory, it can only be added through the CSV files, can't transfer inventory, and can't find the ways to destroy. Another client sent information through BioTrack after doing their API integration and none of it is showing up.

Chair Rushford invited Ms. Luce to stay after the meeting to talk with the team and thanked her for her comments.

Julia Lee – Cannabis Alliance

First I want to acknowledge that everyone is doing their best. I've heard many times that everyone is working around the clock, including the state and especially our licensees. But, there is a flaw in the communication system right now. Right now what's being communicated is there is a system that you have set up and that system is to call the help desk and wait. Many of our members are unable to make payroll or rent, some are facing layoffs and worse. I want you to understand the gravity of the situation. There are some fundamental misunderstandings of the business practices among licensees. Halt of production is unacceptable.

I also want to stress some suggestions. First of all we need the state, Leaf, and the integrators to have transfers as top priority. I think that was clarified already. Also, integrator calls should be returned first since they are being communicated to by the licensees, so they encompass a lot of people's thoughts and issues. So, if you could place them at the top of the priority list that would be great.

Also, a lot of people are having issues with getting correspondence from you via email. I talked to Joanna, but some licensees are not getting these communications. If there is a way for them to figure out if they are no longer on the list and how to fix that, that would be awesome. The Cannabis Alliance can help spread that word.

I think a lot of frustration that the licensees don't feel trusted in their abilities to handle traceability. It's very fast-paced in real time and they need to have the ability to move their product and adjust it, and have it approved by the state immediately. Compliance comes after as a follow through to make sure it is being done. Compliance should be on your end, traceability should be with the licensees I believe. Thank you.

Chair Rushford thanked Ms. Lee for her comments and invited her to join the discussion after the meeting.

Susy Wilson – Cannabis Farmer's Council

Ms. Wilson thanked the Board for the opportunity to speak.

My name Susy Wilson, I'm here on behalf of the Cannabis Farmer's Council. I also am a Tier 2 producer/processor owner. This transition has halted business for producer/processors. Anything else that you hear other than that is not the truth. Manifests are not going through regardless of the fact that

the fix is supposedly made. We have been trying since Monday to manifest product and it is not happening. Retailers say they aren't receiving deliveries because this is halting the business of producer/processors.

Most of us are on the verge of not being able to make it anyway. We say this over and over and yet here we are in this position where millions of dollars of business has been halted. Multiple millions of dollars. In a five day period normally, producer/processors have over ten million dollars in business that is transacted. We heard the number of three million.

If there is a webinar today, no licensees have been informed of that. We have received no information whatsoever. How are we to know there is a webinar if the only place it is spoken of is right here? The communication is not effective for us to do business. We really urge you to allow us to have workarounds, allow us to revert to the spreadsheet until this mess is cleaned up. We understand the difficulties. We're not asking you to not continue to do that but we need to be able to do our business. People are going to lose their business if they aren't able to sell their product. That is the absolute reality of producer/processors at this time. Anything else is disingenuous. To believe or even suggest that we are doing okay is wrong. It is not happening. We are not able to do business. Retailers are still selling product, so the consumer is happy but it's not going to work for the rest of us.

Chair Rushford thanked Ms. Wilson and encouraged her to stay.

Tina Cox – Lady Earth Botanicals

I'm speaking on behalf of the traceability system also. My situation is a pretty simple one. I don't even have product this time to transfer, since it's a yearly crop. I spent three solid hours every day just to retrieve and API number and I got an error. They've tried to sync it and it says "critical error not fixable". No one is returning the calls and no one is answering the calls. At this point, I am now five days into this and I still cannot get my API number that I have copied and pasted, following the instructions from tech support and talking to several people. It is not sticking into my third party software. I talked to them again yesterday, their comment is that "they don't know what the problem is but it isn't us".

I'm standing along with everyone else. This has been a journey that has been life changing. The entire process from all of the rule changing to where we are today. The producer/processors are struggling, we're going broke and losing everything we invested in including our retirements and our families. Marriages have failed. It has been a really horrible thing. I don't think the processors and producers are getting where they need to be to be successful in this industry at this time. We have a long way to go and I'm hoping we can come together a little bit better and try to make changes that aren't going to reduce people's canopies. Maybe enforcement should not interpret rules except for the way they are written. Some of them don't want to completely do their jobs when you turn to them for help. It's been an array of issues for the entire five years.

Thank you for the hard work you have put into listening to us. I hope we can move forward and come to some terms that help the entire industry as a whole.

Mary Catherine McAleer – Association of Washington Business

As you may know, AWB is the state's oldest and largest manufacturing and trade association with about 7,000 business members. We are here to comment on the current traceability transition which has left our members unable to conduct business.

Most notably, third party integrators are struggling to convert product. So, producer/processors cannot deliver and retailers cannot accept that new product. As you know, integrators are the lifeline link between hundreds of small businesses that rely on them. This is a shocking and extraordinarily disruptive issue for our members, as without the ability to work with integrators their revenue streams are chaotically interrupted. This will lead to, at a minimum, reduced hours for staff, layoffs, and decreased revenue for the state.

Our members have also noted that Leaf support has been unhelpful and slow to respond. While we anticipate some challenges throughout the transition of the Leaf system, the ability for producer/processors to work with integrators and retailers is paramount to the industry.

Additionally, we would ask the LCB add the ability for the industry to make their own unique identifiers. Suggestions have been provided in the handouts that we brought you today (CITIZEN HANDOUTS 1, 2).

Thank you very much for your collaboration on this with our members on this imperative issue. We look forward to continuing discussion.

Kate Quackenbush – Fractal LLC

Ms. Quackenbush stated that they were a 502 processor.

I don't want to repeat some of the good points that made by previous speakers. In particular, I think Susy made some excellent points. I want to support and reiterate everything that she had to say.

In my particular case I was able to get the API key. I was able to provide it to my integrator. However my integrator has been unable to allow me to manifest. We actually switched integrators. I believe as of yesterday we were able to manifest. I will learn today whether any deliveries were possible.

I also want to support and reiterate the idea that some sort of backup would be ideal. Some kind of system that would enable to continue operating because the turmoil that we have been through and it's only been a week. It's a short month anyway. Like a lot of people in the industry I have payroll to make, I have rent to pay, and a week is very painful for us.

I hope that we can all work on this and have some sort of backup plan because switching integrators was a pretty drastic step. I hope it worked in my case. Technically I'm one of the two-thirds of companies that has transitioned, but I think it could be a false positive. Thank you.

Tony Ives – SAGE

On behalf of our members we've seen the same problems. One thing I'd like to say that is positive, BioTrack really stepped up to the plate for us. When we first started the November integration, it was very difficult. We called it the "potcopolypse". It didn't go as badly as we thought it would but we did lose business because the retailers were afraid.

As we approached February 1, we had some LCB members come and speak to our organization which was great. We really appreciated that. We all figured the more time that was spent figuring out the bugs would be better for all of us. But then what happened this week was pretty traumatic for us. It was maybe one of our more stressful weeks because we do deliveries and the customers couldn't take delivery. We

were doing a big rollout of new products and new strains and marketed it and nobody could take them. Our customers would go into the vendors asking for the product and they had to say no.

I've done software rollouts before and you can't do this haphazardly. Last September when it was happening we all thought it would never happen. I hope you at the LCB continue working diligently with Leaf to try and fix this. Our fallback is BioTrack, but still we have problems because the systems wouldn't talk to each other. Thank you.

Chair Rushford thanked Mr. Ives and invited him to join the discussion after the meeting.

David Faulk – Green Vault

Mr. Faulk stated that he was running into the same problems as everyone else.

I am the admin for three different Facebook pages: Washington State 502 Employees, one for producer/processors that is just owners and managers, and one that is for retail stores. From what I see with 1,700 members, it's not two-thirds operational. Everybody is at different stages from not having an API to...I have an API, I'm able to get into Leaf, but I can't release an order and then my barcodes don't match up. Some stores see it, some stores don't. I've had orders from the 31st that I can't deliver. I have \$40,000 in my quarantine room that I can't do anything with. It's vital to get this right, but what I see on Facebook you're more at a 10% operational level that are actually able to deliver. Now the stores are so backed up that they aren't putting any more orders in. We have people driving all the way across the state, 400 miles one guy drove in a day trying to make three different deliveries and got rejected on ever one because it looked different on their end. Leaf has not been very supportive. Thank you, I'll stay for the meeting after.

Amber Lewis – Agate Dreams

We heard reference to a webinar today at 1:00 and I can't find any of my clients that have any knowledge of this. Is there a way to get staff to send it out on the ListServe?

Peter Antolin, Deputy Director informed that it was now on the LCB website because it had just been scheduled this morning.

Chris Marr – Consultant

Mr. Marr stated that he had about 15 clients including some of the larger retailers and producer/processors.

This meeting is a little more constructed and calm than I assumed it would be. I'm sure if some of my clients were speaking they would be a little exercised, and I understand that. I think it's important to unpack what went on and hopefully address that.

I want to provide a little context. Senate bill 5130 that provided the funding would have authorized this, was actually dropped four days after session convened in 2017. It had its first hearing on the 19th. It however, wasn't signed by the Governor until May 16 and became effective in July in 2017. There were a lot of stakeholders out there including some vendors who worked actively to derail that bill. I think created a cloud of uncertainty about the funding being available and the ability to roll that out.

We need to understand as an industry that we need to work together that there is an adequate timeline to implement something as complicated as this. I'm not apologizing for where there may have been some things that could have been done better, but I want to say the agency was put under tremendous pressure standing up a system with all that went on with a lot of self-interest from a lot of vendors out there. I won't go into detail, but to me it is very surprising. That's not the way to run a business, and not the way to run a government.

I will say this, whenever I've had an issue and things were happening in real-time with my clients I got calls back from Mr. Antolin within 20 minutes. In most cases those issues had been resolved. So I know folks were working in real-time. Again, I understand the frustration, and hopefully a lot of good will come out seeking the input on how to solve these things. I wanted to provide context on why we ended up being in the position of trying to scramble to implement.

Kelly Martinell – Producer/Processor

I just want to reiterate with type of business we are in, why it is so crucial that we don't go a week without deliveries, or even two weeks. We can't go to the bank to get a loan. I can't borrow money from my other business to give to my cannabis business because I have to get permission first. We're in a situation where it's imperative that our system work. I'm reiterating everything that everyone else has said. I believe David when he says that only 10% of us are up and working. I believe everything that Susy is saying. This is why emotions are high right now. Thank you.

Chair Rushford said that the orders of the day had been completed and invited licensees to stay for the discussion with LCB. She thanked everyone again for being here today and adjourned the meeting.

Chair Rushford adjourned the meeting at 10:53 a.m.

Minutes approved this 4 day of APRIL, 2018.


Jane Rushford
Board Chair


Ollie Garrett
Board Member

Not Present

Russ Hauge
Board Member

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

LCB Mission - Promote public safety and trust through fair administration and enforcement of liquor, tobacco and marijuana laws.

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For questions about agendas or meeting materials you may email dustin.dickson@lcb.wa.gov or call 360.664.1717