



Executive Management Team Meeting

Wednesday, April 14, 2021, 1:30pm

This Meeting was Convened Via Conference Call

Meeting Minutes

EMT ATTENDEES

Chair David Postman
Member Ollie Garrett
Member Russ Hauge (*excused*)
Rick Garza, Director
Megan Duffy, Deputy Director
Brian Smith, Communications Director
Chandra Brady, Director of Enforcement & Education
Becky Smith, Licensing & Regulation Director
Chris Thompson, Director of Legislative Relations
Gretchen Frost, Special Assistant
Dustin Dickson, Executive Assistant

GUESTS

WELCOME

Chair Postman: Hello everybody. This is David Postman, the Chair of the Board and this is the April 14 Executive Management Team meeting. I'm joined by Board member Ollie Garrett. Board member Russ Hauge is on leave and will not be attending this meeting with us today. First up is Chris Thompson for legislative update.

LEGISLATIVE UPDATE – CHRIS

Chris Thompson: Thank you, Mr. Chairman, Board member Garrett and colleagues. Good afternoon. Very quick legislative update today. So, we're 11 days to the end of session, thank goodness. Budgets have passed both the House and the Senate on party line votes, but not without a great deal of difficulty. They're working out the differences right now, and so far, from what we know about the budgets currently, there isn't much impact on LCB. Largely that's good news. There are a few minor items that would, I expect, be in the final budget, based on legislation that has passed and where there was a fiscal note and an impact on the agency.

I wanted to primarily go through quickly a half dozen or so other pieces of legislation that we are tracking that are still in play or have made it, in one case. First, the agency request legislation, House Bill 1480 has passed the legislature. It's on the Governor's desk and is on the list for bill action this afternoon, as a matter of fact, at 3pm. So, let's keep our fingers crossed. I don't think there's a lot of suspense there what

the Governor might do. But that bill has an emergency clause. It takes effect immediately upon signature and will require the LCB to gear up pretty energetically with rulemaking and implementation. We have to create some endorsements that licensees will need to apply for to continue to use some of the privileges that have temporarily been granted and would be statutorily authorized under that bill once the Governor signs.

Second item I've mentioned is Senate Bill -- I'm starting with alcohol -- Senate Bill 5272 has already been passed and signed by the Governor. That provides a waiver of liquor license fees for one year for many specified license types. Not every single one but most of them. So that's in effect starting April 1.

Third item is House Bill 1289. This is authorization aimed at winery workforce development and it allows 18 to 20-year old employees to work in wine production activities. That bill has now passed the legislature. The House just concurred yesterday in a senate amendment that LCB had requested. That amendment specifies that these under 21 employees cannot taste or consume in addition to the prohibition on them serving or selling alcohol at these wineries or wine production facilities. So that's it for alcohol, it was a light year on that side. A little bit more going on with cannabis.

The social equity legislation has been a key focus in this area this session and that's House Bill 1443, sponsored by Representative Melanie Morgan. Last week the Senate amended the bill and passed it. It's now gone over to the house. It needs a concurrence vote there before it could be sent to the Governor. I don't have any inside information about whether the House is inclined to not concur. But, I'd be surprised if that were the case. I anticipate the House will concur in the Senate amendments and then it would be on to the Governor's desk. That bill has impact basically in three areas. It has some changes for eligibility for the grant program that's already authorized. And that's a Department of Commerce activity. It also has some changes for the Task Force on social equity. It changes their membership, a little bit of their charge, and what they're supposed to look into for recommendations and it revises the expiration date. It gives them more time to produce their final report and to remain a constituted body prior to being disbanded.

The impacts on LCB are primarily in the area of eligibility and rulemaking around that. So it would change eligibility in three ways. One is the current requirement for a cannabis offense by the applicant or a member the family would be broadened to drug offenses. That would be a qualifying factor for somebody to apply. Currently, there's a requirement, or an opportunity, to qualify through being a resident in a disproportionately impacted area for five of the last ten years. And this bill removes that specific timeframe and charges the LCB with determining the appropriate period of time by rule and there are some consultation provisions around that. Then finally, there's kind of an open ended, unspecified additional criteria that could be created by the LCB in rule after consultations. So, that's the main substance of the social equity legislation.

There's also a bill, House Bill 1210, that would change terminology in the RCWs from use of the term "marijuana" to using "cannabis" instead. It also has a provision requiring LCB to use expedited rulemaking procedures to make a similar change in the rules, the WACs, that the agency has adopted. This was by request of our agency. That bill is on the calendar and so it hasn't yet come up for a final vote, but I'd be surprised if it didn't.

Moving on to Senate Bill 5372. This is a hemp processor registration process that would be run by the Department of Agriculture. The LCB has a section in that bill that we requested that would authorize the agency to test hemp in a very narrow set of circumstances. If someone is permitted to grow hemp and licensed to grow or process cannabis at the same location, then in that circumstance, we'd be authorized to test hemp. Currently, statute bars the LCB from having any role in regulating hemp, and specifically

bars the LCB from testing hemp. So, that bill has now passed the legislature and been delivered to the Governor.

There is also a bill that would exempt from the excise tax, cannabis sales to medical patients. It hasn't moved in a few weeks but is, I think, still in play because it's a revenue measure and so it's likely to be exempt from the cut off. It's now in House Appropriations Committee. This was a Senate measure and a priority for some members of the Senate. I don't know if it is as much for House members but it's likely in play on the list of topics for the budget negotiators since it's a revenue measure that would impact the budget through how much is available for appropriating and so forth.

Finally -- I think it's dead now -- House Bill 1105 that provided some additional arrest protections for medical cannabis patients. That's been sitting in Rules Committee and I think it is dead now.

The last bill I'd mention, Senate Bill 5051 involves certification, decertification, suspension, revocation of certificates for peace officers, corrections officers and reserve officers. We were a little concerned for a while that this might have an unintended potential impact on LCB officers and worked on trying to get some clarification. There were some changes made to the bill. Chandra was very helpful in bringing up some issues and process considerations and real operational reality to some of the people working on this legislation. We got assurance from the prime sponsor, who is Senator Jamie Pedersen, that his intent was not to capture within the scope of the bill officers who aren't already required to be certified. So, our main goal was to ensure that it was clear that decertification/certification procedures and provisions wouldn't apply to our officers who aren't already required to have the certification through the academy. I think we have that assurance. The intent of the sponsor, as well as the language maybe aren't optimally clear, but I think it is significantly improved and I believe achieves what we were hoping. Because our officers are defined by the bill as "reserve officers" and reserve officers are subject to the same requirements as peace officers, except if we don't have that certification requirement to begin with, then we're not captured implicitly by the decertification procedures. I think that's where we end up, basically, and that's where we'd hoped to end up on that bill.

That concludes my report, Mr. Chairman. If there are questions, I'll take a shot at it. Any comments, I'm all ears.

Chair Postman: Great. Thanks, Chris. I have a couple of questions about equity, but I think I'll save those for a moment because I do want to give Ollie the chance to talk about that bill as well.

Let me ask you about another one first. I don't think you mentioned this and it came up at our Board meeting this morning. Several people during the public comment period talked about it -- the craft cannabis bill. What happened to that bill this session?

Mr. Thompson: It was at one point scheduled for a hearing and then the hearing was cancelled so it was never heard. It "died in the starting blocks," if you like. My metaphors aren't always very sensible to other people. But it never got out of the starting gate, essentially. It had a number of sponsors on it but I think the concerns that came clear afterward led the Chair to pull it from the hearing agenda so it was not even heard.

Chair Postman: Okay, I did invite some folks to follow up with me after this legislative session, but before the next to talk about what they're trying to achieve in that bill. I'd like to learn more so you and I can talk about that too at some point. I'd like to hear what those concerns were.

Before I get to further conversation regarding equity, Ollie, did you want to add anything on the bill, the Task Force, or ask Chris any questions about that?

Member Garrett: No, he did a good job of covering it and where it stands right now. We haven't had a full Task Force meeting or sub meeting to discuss this any further than what Chris just reported.

Chair Postman: Thank you. So in some of this, we obviously have time. It hasn't made it yet to the Governor so he hasn't signed it. But, can you give us a high level summary if you could on if this is signed by the Governor, what sort of timeline are we looking at? I think in the version that that passed the Senate was moving the report date to the end of this year, as opposed to the very beginning of the next year. Is this in the hopes that there's legislation prepared for the 2022 session?

Mr. Thompson: The final report of the Task Force due date was moved to the end of 2022, so not this year. It had previously been January of 2022 and it moved it to December 2022. The Task Force expiration was bumped back to June 30, 2023, so that's the outside time parameters for the Task Force. But there are already provisions, encouraging the Task Force to make recommendations to the LCB as soon as it can to get the program up and running. I think of this in kind of two stages. One is launching the program that's already authorized. And then that report you just asked about and the legislature's consideration of that report in the 2023 session would be about expansion of the program, potentially. So, let's say they want to expand it to producers and processors, or let's say they wanted to add more retail licenses, or let's say they want to make other changes to eligibility or financial support, or what have you. Those would be considered by the legislature in 2023. But in the meantime, there isn't a specified timeline but I think there are a lot of folks hoping that the Task Force is able to make recommendations to LCB and Department of Commerce sooner and help those two agencies get the currently authorized program off the ground. So that's 37 retain licenses, it's a certain amount of grant funding available, and then House Bill 1443 adds another component to potential support -- a roster of mentors for licensees. But, we don't know when the Task Force will be prepared to offer recommendations to the LCB about things like eligibility and about things like how should we process the license applications and what sort of procedures should be considered as a way of operationalizing who gets these licenses. Chair Postman: Thank you. I think what would be really important for me, at least, and I'm sure others, is once that bill is signed or we know what's happening, you know, if it doesn't make it for some reason, then we can have a conversation with the right people from the agency on what's new in that bill for us and what we have under existing authority that we could do anyhow. And it would really help me to have a roadmap to see our path forward. Because obviously, as you said, we're not going to be waiting for those final recommendations. Representative Morgan told me at one point that her thought would be that there'd be some sort of iterative release of recommendations, lesser than the big, but I think just having that really laid out in black and white for me it would be helpful to have a chart, if you will that lays out "here's new authority, here's our existing authority, here's what we have to wait for, here's what the recommendations are." Does that make sense?

Mr. Thompson: Yes, that does make sense. And I'm glad to hear what you're saying, reporting from Representative Morgan. Some of what we need to do requires rulemaking so there's lag time to implement. So even once we know where we want to end up, we've got these procedures that will take some time and there's a lot of -- I shouldn't say impatience -- there's a lot of eagerness around seeing this agency launch this program. Every place we can cut the timeline and get quicker to the starting point, the better for at least a lot of people.

Chair Postman: I would say there is some impatience. I certainly have heard it. I understand it and I think what we're able to do in charting this out would be helpful for members of the public as well to get some

sense of what the expectation is. And, display what that timeline looks like. Frankly, we can be held accountable then in that way too. We should figure out what that timeline could look like because you're right, it involves rulemaking, and that doesn't happen immediately and we're going to still want input. We want to hear from the Task Force. But I think it'd be helpful for everybody if we have some common understanding agreement of the calendar if nothing else.

Thank you for all of that We appreciate it. Good work on the agency request legislation. It probably feels pretty good to be having that signed so early in the process here, so, well done. Thanks, Chris. We will move on now to our second update from Licensing and Becky Smith

LICENSING UPDATE – BECKY

Becky Smith: Good afternoon. I'm going to go through and talk a bit about customer service, liquor, marijuana, education and training and then end with a little bit about our work that we're doing with our diversity and equity and inclusion in our division.

To start off with, in customer service, our special occasion license applications have increased. Not a surprise as we've moved to Phase 3 in most areas. In January, we had about 53 applications for special occasion licenses. And in March, we received 129. It looks like for the month of April, we're in the hundreds already. A majority of those applications, which is good news, are for events that are virtual. A few have come in for runs and walks and some local community festivals for late in the summer. But nothing that we haven't seen, again, which is good news. A lot of these festivals or events being in person for requests coming in.

And then I also wanted to mention that we have two customer service job openings and we have three openings all together in the licensing division. For customer service, though, something that I shared with the other directors yesterday, we've already started the recruitment. What we're seeing is that we're losing a lot of our strong staff to external business licensing services (BLS), and they tend to pay a little bit more for similar work, I should say. So we're going to explore some options, we're going to look at our positions, we're going to look at what BLS is doing and how we might be able to increase or change those positions to be more competitive so we can keep our good staff.

For liquor, we have one position opening for liquor investigator. I'm really proud that our licensing investigator, Antwan Locke, accepted a position with the Enforcement and Education division as one of their new cannabis complaint consultants. Anton was on our design thinking challenge team and he did a fantastic job. So, I feel really good about the success that he'll have in his new role and really what he's going to bring and all the insight that he's going to bring from Licensing to the Enforcement division. So, we're excited about that transition, even though I hate to lose him. Certainly that will open a spot for new recruits for licensing.

Also for the liquor division or for the liquor unit, we've also seen an increase in applications. It's always pretty surprising during the pandemic that we would see any applications coming in for restaurants and new openings of restaurants. We've actually seen 371 applications, 93 more than last month. These numbers are really consistent with pre-pandemic applications. So, we're getting back up there with businesses wanting to get up and running again, or new people going into business for the first time or taking over businesses, taking over restaurants. So again, it's good news for the economy, good news for those folks as well.

On the cannabis side, the cannabis unit has been working to improve our process for initial interviews with applicants who submit change applications. We've heard off and on that this is certainly an area that needs improvement. We're going to look at implementing some of the same tools that we use with design thinking, so we've been actually reaching out to our licensees to find out how we can improve our process and then going back again and having conversations with them to see if these are the changes that they were looking for or that they needed to improve and shorten that change process.

Chris spoke about the social equity Task Force. I do make sure that we always have a couple of Licensing staff in attendance and I was in attendance last night. It's important for the Licensing division to hear what the community has to say to see the areas that we can improve. And actually just listening and being aware of the direction the Task Force is taking has been enlightening for all of us. The other thing is that we do have a summary that my staff put together after the big Task Force meetings that Ollie had mentioned. We're certainly happy to share those with all of the leadership team of course.

Next are the Alcohol Impact Areas (AIA). For policy and education, Kim Sauer is going to give a presentation to the Board in the next couple of weeks on our AIA for Tacoma West End as their five-year report is due. The report is going to continue to show that the designation in areas maintaining a positive effect and over service is consistently down compared to before it was created. I think it'll be really helpful for the Board to see the requirements. It'll be a re-look for Ollie, of course, but certainly for you, David, and for Chandra, it will be good information just to hear the history of how we came to utilize AIAs and how a city makes those requests.

And then one other thing about Kim, I'm super excited to share with you that Kim will be receiving the Public Service Recognition Award for Leadership. I think it's May 6 is when the event is going to take place. Her supervisor Brent DeBeaumont nominated Kim due to her leadership and efforts in enhancing diversity, equity, and inclusion in the Licensing division and, across state service through her involvement with WIN, the Washington Immigration Network, she's done an amazing job. Again, well deserved recognition for Kim.

And then just one other update. I did mention this that the Licensing supervisors and managers are collaborating on drafting the definition of inclusion that resonate with our whole team. We started with inclusion in response to our employee survey that identified this as an area that we can most improve on in our division. Our current working draft captures what our team finds most important. We want to look at our efforts to include others and intentionally including others. We want to look at it to make sure our definition will evolve as we improve our understanding of our unconscious bias. And we want to learn and grow over time. So of course, our definition will change over time. We also want to foster an environment where everyone is responsible for contributing to a diverse and inclusive culture, building trust for people to share what their thoughts are for providing space so they can be vulnerable, encouraging participation at all levels. Also, we started with the management team because we wanted to ensure that our definition includes what's most important to our leadership team. They definitely have to be involved and share and seek input from them, share and seek input from their staff, from line staff. I'm really proud of the commitment that they've demonstrated. They're truly embracing the importance of creating a more inclusive work environment. In turn, this will be an inclusive workplace. We want to make sure that we also include and make changes for those who we serve, our customers and really for the whole agency. So I'm really excited about the work the division's doing. It will definitely have impact on the work that they do with our licensees and our customers.

So with that, I'm going to stop and see if you have questions or if you want me to go back and go over anything else.

Chair Postman: Great. Let me check with Ollie first. Ollie, any questions for Becky or comments on her report?

Member Garrett: Yes, several things. First, I want to compliment you, Becky, on the initiative that you're taking and the seriousness and the extent within your division of what you are doing with inclusion. We've had a lot of one-off conversations so I don't know if everyone's aware of how long you've been working on this and how serious you are in your division. You're not just talking the talk. You're ensuring that you're walking the walk. And just in the conversations that I've had with you since we have done our public outreach meetings earlier this year, the impact that hearing from the community directly the impact that it had on you and the clarity that it led you to is clear. So, I'm really happy to hear about the things that you're doing, as far as with inclusion and other things within your division.

Ms. Smith: Thank you, Ollie.

Member Garrett: My question on virtual events, how does that work with alcohol and getting the license, doing events with virtual events and alcohol where there's a need for -- I'm drawing a blank on the name now.

Ms. Smith: Special occasion licenses.

Member Garrett: Special occasion license. Yes.

Ms. Smith: So usually what happens is that the customer will apply for the license. When it comes to virtual, what they're doing is it's usually an event that lasts over three or four days or sometimes it's over a week. They let us know when the virtual event is going to begin and when it's going to end. And it's usually something they want to auction off, perhaps maybe a basket of different wines. We also always want a start date and an end date so we know timelines and then where they're going to pick up those packages at. So, the nonprofit who applies for the license will go and usually have the package picked up at the nonprofit or at the agency.

Member Garrett: Okay. So question is, why was there a need for special occasion license with a virtual event -- it's when they're having auctions that includes alcohol.

Ms. Smith: That's correct.

Member Garrett: Okay. And for nonprofits, did we put the word out or send something out so that nonprofits understand that that's a need? Because one of the comments we heard at one of our Board meetings over a year ago was that the smaller nonprofits are the last to know or don't understand some of the requirements where they need a special occasion license. So now that we've been in this virtual world, did we put any type of notification out there?

Ms. Smith: So we have, actually. This was one of the conversations that we had during our policy meetings early on. One of the small nonprofits had come forward asking if they could do a virtual event. And it hadn't been something that we had allowed because there wasn't a need. So it took us a little while to get there, to say that "yes, this was something that we wanted." But also, our customer service manager, Beth Lehman, she's usually invited to do presentations for small nonprofits and also for small business, so we include that information on our website as well.

Member Garrett: Okay, thank you. Looking at my notes, I think that's all I had. Thank you.

Ms. Smith: You're welcome.

Chair Postman: Great. I'm glad Ollie asked that because I was trying to figure out whether or not you needed to get a permit to drink during a virtual event or something.

Just a couple of other things, one, I would love to see the summaries that your division comes up with from the Equity Task Force work. Anything like that at all, would be super helpful to me. Congratulations both to Antwan -- I love seeing internal promotions, and it's always hard because you're good people and you never want to lose anybody but we owe it to our employees to help them advance and I think that's great, and to Kim Sour too. I haven't had a chance to send a note yet. On one of my first days, Rick sent a message to all of us about the terrible rise in anti-Asian American and Asian violence with a link to something that Kim wrote that was really moving and important. So it seems like a well-deserved honor there. I really appreciate that. So that's it for me. That's all I have. So thank you, Becky. Appreciate it, Ollie.

Member Garrett: Real quick, David, I'm sorry to interrupt. Something that just came to mind and this is probably for all of us. One of the things, when we have these job openings, when I look at all the openings that are coming out of our positions in the agencies, one of the things that OMWBE (Office of Minority and Women's Business Enterprises) is doing for their positions in order to have a broader pool of employees is, now that we're in this virtual world and certain functions could continue to be virtual, that they are making it so people all across the state can apply for certain positions, from further outside Olympia and saying even though the job is located in Olympia, you only have to come into Olympia one day a week or two days a week. They're doing that and finding that they are getting a broader pool of applicants with very good skill sets. Have we thought about something like that? Are we able to do something like that?

Ms. Smith: Great question, Ollie. I think some of the recruitment that we've done, at least for Licensing, has not been specifically outside of the Olympia area. We usually just post the positions, but we also post them on our Latino leadership website anytime we have application openings to be able to push for that diverse population to come in and apply for these positions. But I will have a conversation with Claris and Joe and see what other types of things they're doing in order to recruit out there in other areas because, especially with customer service, it certainly wasn't something that we thought we were going to be able to do remotely. It's been really successful having people working remotely from home. And I just didn't think that that was going to be able to happen so it would definitely open doors for other areas or other parts of the state for folks to apply. I'll follow back up after.

Member Garrett: Yes, and it's more of not just where the postings are but saying that it can be a remote position.

Chair Postman: Okay, great. Good point, Ollie, thanks. Thank you, Becky. Appreciate all that. And we will move on to Enforcement and Education. Chandra Brady.

ENFORCEMENT AND EDUCATION UPDATE – CHANDRA

Chandra Brady: Good to be here. I thought I'd start off with a brief update about operations and the work I've been doing as it relates to leadership and operations. We've seen a decrease in COVID related

complaints as we entered Phase 3, although we do expect some impact with a few of our counties across the state enjoying the benefits of Phase 2, again.

Secondly, we're hiring for six of the marijuana compliance consultant positions. In addition to the position Antwan filled for us, thanks very much for sharing, Becky! It's always nice when we can share our toys in the sandbox. Antwon is working out to be a great hire and we're very thankful for all of the training and experience he came to us with, so that's awesome.

We are experiencing a high number of vacancies based on the staffing freeze that we experienced. We have over 20, almost 25 vacancies in the Enforcement division which makes getting our work done and ensuring public safety a little bit more difficult. So, as soon as we finish assessing the applicants for these six marijuana compliance consultant positions, we're going to be developing a plan to fill some of our LEO (Law Enforcement Officer) positions as well.

As far as the work I've been doing, I've been assessing the division and putting together a leadership plan, which I hope to be sharing with you over the next couple of months. Since the beginning of March, I've had the pleasure of going to each of our regional offices and meeting staff and licensees and seeing the work that we're doing in the field and seeing the businesses and how they are experiencing COVID and how some have found ways to thrive and how some are really struggling and some simply haven't been able to stay in business. So that's been really eye opening for me and been a great opportunity for me to learn about the work we do.

Starting next week, I will be doing some work with my command team, my leadership team. We're going to work on mission vision value work, so that we can make sure that our goals are strategically aimed toward the mission of the agency. So, I'm excited about that.

In the area of DEI, we have some great women professional law enforcement leaders in our enforcement division. I've been getting them connected with NAWLEE, which is the National Association of Women Law Enforcement Executives. And then also I've been exploring a worldwide initiative called the 3030 initiative, which seeks to have 30% of our employees be female by the year 2030. So I've been looking at how we could partner with that initiative or potentially make that one of our own goals under the DEI umbrella and I'm excited about that.

And then finally, if there's something that you would like to hear about as I'm developing my plan, if there's something you would like to hear about in these meetings, please let me know because I want to make sure this time is valuable and you're getting information that is valuable to you. So if you wanted to either shoot me an email or even just email me before the meetings, that would be really helpful to me. That's all I have.

Chair Postman: Thank you. One thing I am curious about and I should have probably told you for sure that I was going to ask you this today. Can you tell us more about LCB's role in last week's federal drug bust? The press release that they put out cited us as one of the agencies responding and we received some comments about that in a recent meeting. If you're able now, off the top your head, but what did we do? Are we part of the regular joint task force? I'll give you the floor if you could tell us what you know.

Ms. Brady: In early March, actually, on the 12th of March, we were contacted by the FBI with a list of individuals that were involved in what they were looking at as an extensive drug dealing conspiracy. And they wanted to check with us because there was several suspected illicit grows involved and they wanted to see if there were any licensees involved. So they ran that list by us, which happens occasionally. It also

gives us information if our licensees are involved in some of those activities. We responded to their request and let them know that actually one of the individuals in one of the locations that were being looked at was a licensee, a processor licensee. On March 15, the FBI invited us formally to assist in a warrant service operation that involved two illicit marijuana grows. And one was one of our licensees, which was suspected of diversion. And so, what that looks like, is when the warrants were actually served, there were, as you know, multiple warrants served. I'm not sure what the final number was, but I want to say there were 24, maybe 21 locations. Three officers assisted at three different locations. And what those were, were two of the illicit grows and we were assisting with the dismantling of the illegal grows and also one at a licensee location. We were also able to assist with running traceability. The other things we do in that process is we advise on chemical hazards related to pesticides and we help gather and package the marijuana that is being removed from those areas. We are not involved in the entry or the arrests. We're simply involved as subject matter experts when it comes to marijuana. As you know I think it was in the press release, they are looking at potential criminal charges where our licensees were involved. And then once that's decided we will make some decisions about our administrative processes.

Chair Postman: What day was it when the officers went with others into the grow? Was that the day of the big arrest last week? Or was that prior to that?

Ms. Brady: That was April 7. So they had 21 indictments and warrants of arrest and they went into those locations on April 7, that's the same day.

Chair Postman: Okay, okay. Yeah. So the press release, and I haven't read it probably through since that day, but it talked about warrants and meth, cocaine, that they found a lot of guns. But they didn't mention illegal grow that I recall. So we're there because they had some reason to believe there was illegal grows or marijuana that needed to be secured.

Ms. Brady: Yeah, there were actually two separate illicit grows and then in addition to that, a third where our licensee was involved. So without a nexus to our work or licensee, we would not have been involved in that situation.

Chair Postman: Okay. Ollie, do you have questions for Chandra?

Member Garrett: Yeah. I don't know, who is aware, but as a result of that and as a result of LCB being listed, there were some serious threats made on me due to me being on the Board, thinking I personally have been involved with this. And it was serious enough of a text message that was sent to a Task Force member that they felt obligated to let me know. I'm just going to read it in part because there's so much explicit language in the text message, but the part that was aimed at me was, "I'm supposed to sit at the table. Well F them. Ollie better watch her F self and hire some F security as soon as possible. She sits there and allowed this S over and over. I'm coming for her bed wench ass today." The person responded to them, "What are you saying?" And the reply to that text was, "She knew they were there coming after those black men. That was an LCB led taskforce." So, when things like that occur and one good thing that I've always said, I'm here in the community and in Seattle. It would be great sometimes because I didn't even know, even on our call, David, with the Cannabis Advisory Council, when it was brought up by the same person about the 40 men and arrests, I didn't even know that there had been an arrest. As a matter of fact, I didn't even know about it until this text message was forwarded to me and that's when I was sent the press release. So that was a very serious threat and serious false information that was being put out to the community. I want you all to be aware of that and that it would really be helpful when you can, if we can, communicate some things before it hits the press where it warrants -- and I've had this conversation

before with certain things that my role and other hats and being here in the community -- it would be great to know about things like this before I hear it from the community. And I'm not making any accusations here on our part because you just cleared it up. But, just keep that in mind because I run into things like that quite often. Most of it is dealing with Licensing and Becky and I'm able to pick up the phone and say, "Hey, Becky." We had a case a few months ago where the community thought that Ollie personally can do something about a licensee not being able to get their license renewed. And it was directed directly to me and "the Board has the authority. She can stop this." So I also think that there needs to be some clarity on the Board and the fact that the three Board members don't know everyday enforcement and certain things that are going on. We are only aware of things once they get to litigation and come before us. But the perception of people, and David you can help me with this, is people think the three Board members are aware of everything that's going on within our agency when we are not. So it's great that you've clarified our involvement in this. But also, just keep in mind that if there's things that we could get heads up on, it would be nice to know. And David, I will let you take over from there if there's more you want to add to that.

Chair Postman: Thanks, Ollie. Yeah, I know it's hard when you're dealing with multiple agencies as they were in that case and that it was in the hands of the federal folks there to decide when the press release comes out and everything. I understand it's unlikely that Board members would be told about a sweep like that prior to it happening. I'm not sure I do want to know that. Not my role. But as soon as we know that something like that happened, and if we're part of it, it would be great for us to be able to get that summation of "here's what our role was." Because we will start getting the phone calls. And Ollie's absolutely right. In that case, I hadn't heard there was anything and it just came up in this meeting, not completely accurately either at the time, but later in the day, I just was searching the news and sent a link to Rick saying that "I can only find this. This must have been what the reference was." But we were still sort of in the dark a little bit. So I think that would be helpful.

I want to add, the threat that Ollie just shared with us, Chandra and I and others all saw last week, we took very, very seriously. And I won't go into all the details of what that entails but it is beyond the pale. It is disturbing. And I'm glad that Ollie shared it with the right people and that Chandra, you and others took it seriously and followed up as you did. So I will give it back to you, Chandra, if you had any other thoughts you wanted to add.

Ms. Brady: Thank you and just to respond to the threat, I'm glad Board member Garrett, you are safe and that we were able to get a response. So thank you for letting us know about that. And also thank you to Board Chair Postman and Board member Garrett for the feedback. As I make the transition to LCB, those sorts of occurrences in my previous life and previous role were standard operation. And so as I make this transition, it helps me to have that feedback to know exactly what you do need to know about. So, thank you.

Chair Postman: Thanks, Chandra, appreciate all of that information. That's great. And what Ollie says is true and something I'm just still getting used to, which is, because we are all known as the Liquor and Cannabis Board and we are the Board members, there is this expectation on the part of some people that not only do we know everything before it happens but that we direct everything to happen and that we have immense power over all of you. And the only way to help any of us with that dynamic is just to try to share as much information as possible where appropriate.

Member Garrett: Very well said, David. Thank you.

Chair Postman: Thank you. And now we will move on. We're going to call Rick up now. I know you're supposed to be running off to another meeting. But if you're with us still and want to give us your report, that would be great.

DIRECTOR'S COMMENTS – RICK

Rick Garza: I'm here, David. This is the priority meeting. Sorry that I've got another conflict going on this afternoon, but this is the one that takes precedence. I have just a couple of things to share.

Agency hiring. As you know, Mary Mueller, our IT director took a promotion in the private sector. We're happy for her and we're in the process of going through a first round of interviews for the new IT director. And probably we'll get there in the next couple of weeks.

I had shared at a previous meeting that we were in the process of hiring a DEI manager. And so as you're aware, a job announcement went out last week. Ollie, you had specifically asked for the specifics of the work that that person would be doing, kind of their primary responsibilities. So what I did, you have in your inbox an email from me, which was part of the announcement that was made when it was sent out of exactly what the responsibilities will be for that person, that new DEI manager. That person will be housed with Claris in the HR division. We're really excited about bringing that person on. As I said, we did the announcement last week. We'll be doing interviews, probably the second week of May, just so you're aware.

Also, unfortunately, our Deputy Director, Megan Duffy has taken a promotion and was appointed recently, as you know, by the Governor, as the Director for the Recreation and Conservation Office, which is the place she was at before she was at DNR (Department of Natural Resources). But we're really happy for Megan to take on that new role in the Governor's cabinet. And of course, we'll be hiring a new Deputy Director. That announcement went out last week. And, just so you're aware, we'll be doing interviews, it looks like the first week of May, for that position. As we did with the enforcement division, when we hired a new director there, we'll be looking to have one of our licensees join us in that interview process for the Deputy Director position. So I did want to just share just briefly the hiring that's going on in the agency.

And then also Megan sent out on Monday, an email to all of us -- obviously, as we continue to see the mass vaccinations that are occurring around the state, I think I just saw something that said over four million vaccinations of a population of 7.6 million. So obviously, the question from everyone and from our own employees is, "what does reentry look like?" And so Megan has shared with you an email that we're working with the other agencies and state government and state HR. We'll be putting a reentry plan together. There's no hurry. We're one of the agencies out there that made that transition and for the most part are doing very well working remotely. And so just as we did before, we'll do what's called a "pulse survey" with our employees soon to find out where they are and what it looks like and what does the new normal with respect to the workplace look like. And generally, it looks like most folks would like to work remotely from home the majority of their time and then maybe a day or two in the office. And as I said, we've got some time to figure that out. And we've got a team that's working on that. And just so you're aware, as we said in the email that was sent out, we'll get plenty of notice with respect to the plans that we come up with. But the first thing we'll do is we'll have our managers and supervisors within each of the divisions and units speak with our employees to find out what their preferences and then we'll want to build that to their preference, just as we always would want to do that.

Thank you, Becky, for reminding me and for recognizing Kim Sauer and the work that she's been doing, not only with the agency, I want to say for over 20 years, but the work that she's doing with the Business Resource Group and how she's come along in the last few years to have a leadership position with that new network that's been around for a couple of years. The world is small. Our former licensing director and for a short period of time, Chair of the Board, Lorraine Lee, is the person that was the author of that need, the Washington Immigration Network. So it's really nice to see how our staff and our employees continue. And Antwan also, it's great to see that he's moving on but within the LCB. And of course, as Becky had mentioned, he presented to the Governor and the cabinet on the work that we were doing on licensing to update how we interact and communicate and work with our licensees. So again, I want to be redundant and also recognize our employees for the work that they're doing, not just within diversity but just in general, their involvement in other agencies and in the work of state government employees.

Also, as I shared with you recently -- I didn't have an opportunity because we had to move the meeting that we were going to have this morning of the agency policy workgroup -- but I had shared with our Chair, David, that I had reached out to Morgan Wilson, who is the Governor's liaison in D.C., who also works with our congressional delegation. As I had shared with you, and just for our own staff too, because I haven't had the opportunity because we didn't meet today -- It's likely that the Schumer/Wyden/Booker draft proposal on legalization of cannabis federally will be introduced soon, likely in the next few days. I keep saying that, we keep waiting to see it. And that's going to be a serious proposal coming from the Senate. And I shared a little bit in the last meeting about what pieces of that may look like. But one of the things that we want to do, as an agency that's regulating cannabis is be sure that we're connected with our congressional delegation. Once that proposal hits the streets then one of the things that I'm going to ask the agency policy workgroup to do is create a small subcommittee of that group to look very closely at that legislation so that we can give feedback to our own congressional delegation. The concern being given that we've been doing this for seven years, we want to make sure whatever overlay is there federally doesn't conflict with our state program. And so it's shared with Chair Postman, we will begin those discussions soon with our congressional delegation. Chris will help us as our Legislative Director with those meetings. But, just so you're aware and everyone's aware and own staff's aware, that's something that will give us the opportunity to make sure that we're engaged with our congressional delegation on that proposal that will be coming soon.

So with that, David, Ollie, I'll stop there and see if you have any questions for me.

Chair Postman: Ollie, anything for Rick?

Member Garrett: No, Rick, I have no questions for you.

Mr. Garza: And it's our last meeting with Megan, I see she's on with us. I just want to reiterate, it was a fast two years. I can't believe it. And then one whole year in COVID. So we didn't get to work together in the office as we would have liked to. But we sure did a great job in being able to meet the needs that we have as an agency for the state and our citizens and our licensees during COVID. But I just want to thank Megan publicly for the experience we had with her. No doubt that the Governor made a great appointment in putting Megan where she is. We wish her well and just wanted to recognize her while we have that opportunity. Thank you, David. Thank you Ollie.

Chair Postman: Indeed, thank you, Megan. People speak so highly of Megan inside the agency and around state government. And I'm not going to take it personally that she announced she was leaving a week after I started. But Rick, the only other thing I'd ask or mention is, I think you were listening in on the Board meeting this morning, one of the members of the public who spoke expressed concern about the

large number of employees leaving the agency, which, you know, there's a few high profile like Megan, and that is hard. And obviously Jane Rushford retired and left big shoes to fill. But on our behalf, and I'll just give you the chance to reaffirm, none of those will slow any of the work we're doing, right?

Mr. Garza: I hate to say it, but you're a good case in point. That's not happening. And I'll be honest, we've got a talented crew, all around the agency, including our Board. So, people step up and honestly, I think you said it well today. That's not uncommon. We've had a lot of movement within the agency and in state government. Don't forget folks, all these baby boomers like me, many are retiring. It's bringing in a whole new breed and a whole new group of folks to lead our state and lead our agencies. And so I hope people recognize, as you stated, David, we're prepared for these changes when they occur. And we get good talent. We got Megan two years ago. We just got Chandra. I mean, there's lots of great examples and it goes deep into the organization that we're bringing talent, good talent into the agency. So I'm not concerned. But I can recognize why others might be, especially in the call this morning when they're feeling the stress of the issues that are before them with respect to the grows and the Delta-8 issue and feeling like we may not be moving fast enough or that for some reason we're hesitant to move, recognizing that in the last month, all we've been talking about is the need to do something quickly, as quickly as possible to address this issue, of not only Delta-8, but all cannabinoids, especially those that have THC in them. You can't have Delta-9 sitting out there by itself being regulated in our marketplace and allow for the introduction of other cannabinoids, especially those that are psychoactive with THC to somehow escape the regulation, somehow escape our own marketplace. Let alone, the further discussion will be what about outside the cannabis marketplace where all of this product is being sold in retail markets? The Delta-8 product, for example. So maybe we're not talking enough with our licensees, sometimes, so that they know that the work that we're doing, but I could hear the frustration and the concern of our licensees today, especially our smaller growers. And we'll have to do a better job in the interim to reach out to them and keep them aware of what we're doing. But we take it seriously. I'm not sure there's a bigger priority right now at this moment than the whole issue of Delta-8 and those other cannabinoids. So I'll stop there, David.

Chair Postman: I think that's right. Good. I'm glad to hear that, all of that. SWe appreciate that, Rick. We will let Rick run and next is Brian Smith on Communications and Media.

MEDIA UPDATE – BRIAN

Brian Smith: Good afternoon. On the agenda it says media update from me, but I just want to touch briefly on that and touch also on some other high level stuff that we're doing in communications.

David, the other Board members know this, but we get a huge amount of media on at this agency, no surprise, right? And that goes back throughout all the years of my tenure, which is 13 years. We still field about anywhere from about three or four a day just on the fly as a matter of regular business. I've already had four as of this point today. But right now, at least where we're at, there's no super-hot issues that are going on.

We experienced quite a few localized type of stories regarding the COVID restrictions in the last couple of months. But other than that it's been slower. I think some of that, as you know, reflects sort of the state of the media these days. And the people that contact us are oftentimes newer to the subject and they're generalists and they touch on it, rather than a lot of the reporters we used to talk to that could dive a little deeper into these issues.

There is one outstanding story. John Stang, as you know from Crosscut, has been working for a long time now on a story about labs in general. I think some of the labs that we have filed summary suspensions against in particular -- he hasn't exactly said what he's after -- Julie Graham on my staff has been working with the AG's office and the other pertinent people in the agency to help answer his questions without getting into the specifics about one lab in particular what was legal action against us. But just when we think he's going to write a story, he comes back with more questions. Just so you know, we'll be looking out for that from Crosscut. I know that Russ had some questions about that, that we addressed.

Some other real kind of issues, just so that you're aware, we put out quarterly newsletters: one to the cannabis industry, and one to the alcohol or the hospitality industry. We'll be running the cannabis one on Friday and the hospitality/alcohol one in two weeks. And just so you're aware, David, you're leading off. You're the lead on the cannabis newsletter, with your photo. But it's material you've already seen before, which is a version of the press release that went out, so don't be surprised.

We are also doing some work on video production. This is something that we have not done before. But it's something that has come up from time to time about highlighting some of the issues that we work on as an agency that would be valuable, a common message both to the industry and to our internal staff as well. And in fact, this came out of the Hillard Heintze Review as one area of communication that may be a benefit. We're leading off the first one with information about accessing our rules and participating in the rulemaking process. It's just going to be about a five-minute vignette. But we have a script in place. We've videotaped the people that are going to be in it and we have done the audio recording of the narrator that will cover other visuals within the video. It's up to us to now put that into something that we can stand by. A lot of times I've worked with videographers and use their skills and my skills to sort of put together something that's good. But in this case, we're new to doing something polished on the video, and we want to do it well.

Chair Postman: You're doing that all in-house now, Brian?

Mr. Smith: We're trying to do it all in-house and prove that we can do it. So, we're working through it, we'll see what we've got. We're shooting for the end of the month, kind of as a first decent cut. And you'll see more of that before it goes public. But I just want you to know that's something that we hope to do and continue to produce over time. We'll see how we do.

I know you have asked as well for professional looking background images to run when we do video conferencing, something that we had waited for until we got Teams. Now that we have it, we've been at work on creating something like that. Brad is our agency's graphic designer, he and I had a number of conversations about this. He sent me some drafts that I'm trying to get him to tweak. But we've set a deadline for at the end of this week to have at least a handful that we think that we could share some ideas and see what people think. He's actually in the office now getting some pictures of inside the conference room and things like that. He's got a real creative ability and we're able to tap that with Brad and get something that's pretty cool. So, we'll see what we have.

Rick talked about hiring. I'm down one position. We're a small group and I hope to be able to augment that out. But that's something that would be coming before too long. So you know, Rick and I are in conversations about that. But those are the main things going on right now with Communications. I'm happy to answer any questions if either of you have them.

Chair Postman: On the backgrounds, right when I was leaving the Governor's office they came up with a few -- they're pretty simple. It's got a seal of the state off to one side and then it's just a color back there. I

think it does help make things look a little more connected if we all have some similar background. But once we are launched into the video world it would be nice, the Board meetings are audio only for now. So, there's certainly no hurry on it. But I do appreciate your team putting your creativity to work there.

Mr. Smith: You're welcome. And we recognize it's not that hard. We already have some drafted, but we want to get something that's going to be good. That's what we're looking for.

Chair Postman: Great. Looking forward to it. Ollie, any questions for Brian?

Member Garrett: No, no questions

Chair Postman: Okay, thank you, Brian. Megan, I'll put you on the spot if you're still on with us. Since you were talked about and this is your last EMT, any words of wisdom for us all?

ADDITIONAL TEAM UPDATES

Megan Duffy: No, two points of clarification, though. My leaving has nothing to do with your arrival, and I am not in the baby boomer generation.

Member Garrett: And Megan, I see you've moved out of your closet.

Ms. Duffy: I did. I'm in the office. I agree with you guys 100% and with Rick. There not a concern about turnover. The staff here is so talented and so knowledgeable that you won't skip a beat. And, I mean, I'd like to say things would fall apart with me leaving, but I don't believe that to be true. Thank you all for the opportunity, David, for the limited time and Ollie, for the time getting to work with you all. It's been great. And of course, the management team, but yes, things will be good. Thank you.

Chair Postman: Thank you. Appreciate it. Yes, we'll have a more formal goodbye, I'm sure at some point. But I hope it's good news for everybody who follows the agency when somebody like you, Megan, moves on to really what sounds to be like your dream job and this great position in state government. It's great that we have folks like that that are in demand for people. So, it's going to happen and that's okay. We'll find somebody else great to move into here. And, I'm sure we will keep bugging you though, for a little while.

Ms. Duffy: That's okay.

Chair Postman: They're still bugging me from the Governor's office, so I think it's only fair that I get to bug somebody too. Thanks, Megan.

Ms. Duffy: Thank you.

Chair Postman: And then just see if there is anything I missed at all, any additional team updates, anything anybody wants to add? Ollie, any last questions or thoughts before we adjourn?

Member Garrett: No, thank you.

Chair Postman: Okay, great, thank you. And that will then finish our business for the day. Thank you to the executive management team for the substantive updates. I really appreciate it and look forward to the next one as well as talking to you in the meantime. So, thank you everybody. We are adjourned.

Meeting adjourned at 2:53pm.

Minutes approved this 12th day of May, 2021



David Postman
Board Chair



Ollie Garrett
Board Member

Not Present

Russ Hauge
Board Member

Minutes Prepared by: Dustin Dickson, Executive Assistant