



## Executive Management Team Meeting

Wednesday, May 12, 2021, 1:30pm

This Meeting was Convened via Conference Call

### Meeting Minutes

#### EMT ATTENDEES

Chair David Postman  
Member Ollie Garrett  
Member Russ Hauge  
Rick Garza, Director  
Chandra Brady, Director of Enforcement and Education  
Brian Smith, Communications Director  
Becky Smith, Licensing & Regulation Director  
Chris Thompson, Director of Legislative Relations  
Gretchen Frost, Special Assistant to the Director  
Dustin Dickson, Executive Assistant to the Board

#### GUESTS

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#### APPROVAL OF MEETING MINUTES

MOTION: Member Garrett moved to approve the February 10, 2021, EMT meeting minutes.

SECOND: Member Hauge seconded.

ACTION: Chair Postman approved the motion.

MOTION: Member Garrett moved to approve the April 14, 2021, EMT meeting minutes.

SECOND: Chair Postman seconded.

ACTION: Chair Postman approved the motion.

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#### LEGISLATIVE UPDATE AND SOCIAL EQUITY BILL REVIEW – CHRIS AND OLLIE

Chris Thompson: So I'll discuss, basically, five different pieces of legislation. We tracked about 33 bills this session. It was a much lighter load than we often see, especially in a long session due to the COVID-19 restrictions and legislative leadership direction to members to limit the number of bills introduced. And

there was obviously a much more limited time to deal with bills in committee. So a number of factors reduced the volume of legislation pretty substantially. And then beyond that, what actually made it through the process and into law was pretty limited. There were five bills. And I'll touch briefly on each of those and finished up with a social equity bill, and then we'll go from there.

First of all, let me say the agency requested only one piece of legislation this last cycle. Last summer, we didn't plan to ask for any legislation but the governor's Office asked us to put together a bill to assist with providing some support on a longer term basis to a number of our licensees in the liquor industry. So, based on that request and a number of allowances that the LCB granted temporarily to licensees during the pandemic even though those privileges were contrary to existing either regulation or statute. We started with that and built a series of activities that we included in this legislation to allow this time fully authorized by law for licensees to conduct for another couple of years. The bill had an emergency clause and it took effect upon the signature by the Governor in the middle of April. Those statutory provisions are in place and rulemaking has been initiated by Audrey and our staff at LCB to fill in some of the details there. Among the primary areas of activity that are authorized under the bill, restaurants and some other licensees are impacted by various provisions.

One item that there's been a lot of discussion of is cocktails to go. So, either as premixed or as a cocktail kit, those are allowed for sale to go by curbside or takeout or delivery. There are a number of other licensees that are authorized to provide alcohol to go that wouldn't otherwise have been allowed to do so. This includes wineries and breweries. Wineries and breweries and the Hospitality Association were among the industry advocates that were some of the strongest supporters of the legislation. So there are also some additional activities authorized: selling prefilled growlers, authorizing sale of growlers to go where they were already authorized on premises are some of the additional examples. And curbside takeout and delivery of authorized alcohol products are green lighted for several license types: taverns, caterers, a number of other license types, distilleries, snack bars, nonprofit licensees, among some of the other examples.

Another key part of this legislation was a study. The bill authorizes and the legislature funded a review of the impact of these activities and allowances. So, the timeframe envisioned in the bill is over the course of next calendar year, so starting later in January next year and finishing up with a report by December of next year. We will select an independent consultant to pull together information and perform analyses and issue findings and so forth what the impacts of these activities seem to have been. And that would be both in terms of positive economic and financial impacts for businesses and employees and communities, as well as any potential downside, health or public safety risks, minor access and that sort of thing. That study will be completed by December of 2022. The legislature will then have the 2023 session to consider whether or not to extend the allowances, they otherwise will sunset on June 30, 2023.

There is some funding in the budget for us to implement and administer this bill. It will also have impacts internally on especially our Licensing division to some degree, IT as well. We've got to set up and create endorsements for these activities. So, that facilitates tracking of who's doing what and permit a little bit more meaningful gathering of data and analysis of that. In summary, that's our agency request bill that was sponsored for us by Representative Drew MacEwen of the 35th district.

There were a couple of other alcohol bills that were approved. One was a priority measure for legislators for early action. It was approved at the end of February. That's a bill that waives the license fee for either an initial license or a renewal for a whole bunch of liquor licensee categories. Not every single one, but many. I won't go through the list but it's a one-year reprieve on having to pay those license fees, which can range from a couple hundred dollars up to 1600 or so. I don't have exact figures in front of me but

that was a priority measure for legislators to provide, again, assistance to a really hard hit sector of our economy.

The other alcohol bill that passed was a workforce development measure for wineries. And this would allow for wineries to employ people 18 to 20 in additional types of activities in wine production. People of this age were already allowed to work for wineries but only if they were in certain academic programs at public colleges with certain types of programs, alcohol industry related. So, apparently there was testimony about the need for expanding employment at Washington's vibrant wine industry and some challenges, some difficulties, barriers to people under 21. While this bill allows people of that age to work in winery production, it doesn't allow them to serve or to sell or to taste or consume. Part of that was added to the bill at the request of the LCB. That was an important measure for wineries around the state.

Transitioning now to cannabis there was a bill primarily about hemp, Senate Bill 5372 by Senator Stanford. The main purpose of that bill is to authorize the hemp industry to prepare for interstate commerce, essentially, by creating a voluntary registration process for hemp processors. Under the federal legislation, the farm bill of 2018, the hemp industry was allowed to conduct certain activities, but this is necessary for them to expand in the way that I described. And none of that is of interest or concern to the LCB. But there was a concern about the previous state statute on hemp that left a kind of a loophole that was troublesome to our agency. This bill was an opportunity for us to try and seek a fix to closing that loophole. It relates to a very small number, but a few of our cannabis licensees where a business is allowed to conduct both hemp and cannabis production and processing at the same facility. And in that event, the LCB would not have been authorized to do any investigation or conduct any oversight if the business owner stated that the product was hemp. Many people don't realize, I didn't know until a couple years ago that just by looking at it, you can't tell hemp from cannabis. And so since there was commingling possible of these two products at the same location and we were not authorized to do anything, including testing, we weren't able to ensure compliance by our licensees in that small number of cases where they're in both industries. So, this bill fixes that loophole by authorizing our staff to conduct a test of a product. It might be represented as hemp but we would be allowed to test it to make sure it is hemp or determine that if it is cannabis that it is cannabis to establish our jurisdiction to provide oversight. But again, only for those few situations where someone is doing both hemp and cannabis at the same location. So that's 5372.

And finally, the last bill I'll mention is the social equity legislation. This is a bill by Representative Melanie Morgan, co-chair of the Social Equity in Cannabis Task Force, to make some modifications to the existing cannabis program and law approved under LCB request legislation last year. So, that bill makes changes in three areas. One is in regard to the grant program. The Department of Commerce administers an assistance program while providing grants to social equity applicants. And the legislation this year, 1443, makes some additional categories of applicants eligible for those grants, producers and processors became eligible. Previously, it was just retailers. And so this expands to producers and processors, as well as anyone issued a cannabis license between June 30, 2020 and July 25, 2021. So these grants are intended to assist social equity applicants to successfully launch and sustain their businesses, again, overseen by Commerce. It also says there are some additional activities that those funds can be spent on, helping an applicant with their social equity plan, in particular, and it authorizes commerce to create a roster of mentors that would be available to support applicants and help them with their pursuit of a license of a brand and of launching their business. So that's the grant program area.

There's a couple changes that relate to the LCB and our role in this program. Previous law had said that one of the ways to establish eligibility for applying for one of these licenses would be to have lived in a disproportionately impacted area for five of the previous ten years. The Task Force looked at this and

said, that's problematic, for no other reason than if only because of gentrification and changes in residential patterns over time. The new law says that the period of time in question that could establish eligibility will be determined by the LCB. And there's some provisions around how we do some consultation in working that out. But the five of the previous ten years is gone. And the gap there is to be filled in by the LCB through rulemaking.

In addition to that, the other piece that impacts eligibility that falls under LCB's domain is that there's authorization for the LCB to create additional criteria by which someone could become eligible for applying for this program. And it's unspecified what that could be. There are some consultation provisions attached to that. So, those are the pieces that relate directly to the LCB.

And then finally, there are some provisions that revise the Task Force, its membership, its duration, and some of its to do list. So there's some additional topics that the Task Force is directed to address. They get some more time to do that and submit their final report by December of 2022, and I won't go through all of them. I'll mention that the Task Force is directed to look at home growing and social equity issues interfacing with that activity, also to look at the question of potentially shifting primary regulation of cannabis production over to the State Department of Agriculture. And there are some other topics that the Task Force is directed to address. So those are the main provisions of the new legislation, 1443, that modifies the existing social equity program established last year under 2870. These new provisions take effect July 25. And with that, I'll conclude the legislative report and the intro to the social equity topic and hand it over to Ollie for a broader look at the work of the Task Force. Ollie?

Member Garrett: Thank you. Just for everyone to have some context, the Task Force was supposed to have had its first meeting in July of 2020 but the schedule was delayed by COVID-19 restrictions. And we met initially on October the 26<sup>th</sup>. And the first early on meeting in October was electing co-chairs and adopting the bylaws for the Task Force. We approved operating principles, centering the work on anti-black racism, embracing equity, focusing on community and bold actions. We've met twice more as the session was getting underway. And among the decisions made, the Task Force approved the recommendation of the legislators to modify eligibility for the existing grant program. With the LCB in mind, the Task Force also recommended changes to the underlying criteria for social equity applicants from one solely based on place to one that allows for specific prioritization based on race.

The Task Force has another five meetings set from May 25 through December the 14<sup>th</sup>. The Task Force created three work goals. One was disproportionate impact communities. And that work group has met three times and they have three more meetings scheduled through August. They've been working on some issues such as how to define a disproportionate impact area, gentrification over time that has created challenges, hoping to find precise geographic units that was also manageable in size. They're discussing using census tracts initially and then drilling down to more of a level of census blocks to try to prioritize applicants within eligibility.

The second work group, they're also talking about how to define family. And there's a discussion going on there on describing family. The next work group was with Licensing and that work group has met once. And I'm on that workgroup. We have five more meetings scheduled from June to early November. And that workgroup was looking at lessons learned from other states, cities, social equity programs, and trying to avoid unintentional consequences in licensing people from the populations intended to benefit from the program, and we found that to be a really big challenge.

The third workgroup is technical assistance and mentorship. This work group had its first meeting this week and they have five more scheduled through November. And they are also looking at lessons

learned from other states. They're focused on guidance to the Department of Commerce, which is responsible for administering the existing technical assistant grant program. Commerce will also administer a program newly authorized by House Bill 1443 to build a roster of mentors to be contracted to provide additional help to the social equity applicants. The LCB has provided ongoing assistance to the Task Force. For example, Becky offered an extensive presentation on path licensing, activities, and procedures. Agency staff has been detailed to help the Task Force with their workload. The LCB staff actually meet weekly with Task Force staff to answer questions and to provide information. The LCB has also contracted with new researchers to provide research support on disproportionately impacted communities. The Task Force is working hard to provide guidance to both the LCB and commerce to launch the existing social equity program.

The final report from the Task Force is due in December of 2022 and the Task Force is supposed to expire June 30 of 2023. With that, Becky and some of the staff that's on the call has attended some of the meetings. So Chris, I don't know if you want to go next and fill in something I've left off, or let's go around the table to see if there's any additional comments from the staff that has participated in some of those meetings.

Mr. Thompson: Thanks, Ollie. I just wanted to add one more thing. I think you covered it really well. I just wanted to mention something I learned yesterday talking with Justin Nordhorn. Christopher Poulos is a member of the Task Force. He's the Department of Commerce's representative and he's the co-chair of one of the workgroups, the disproportionately impacted communities workgroup. And that's the committee or workgroup that is working on things, including the definition of family. And the reason that's important is one of the ways to establish eligibility for applying for the program is you had a drug offense yourself or in your family, but family is not defined. So this is something that that work group spent a lot of time talking about. I wasn't in that particular break out of that meeting, but Justin was and he reached out to Christopher Poulos from the Task Force and offered to share some information. Justin had tracked down some statutory provisions about family and definitions of family. And there was some other information that he was able to provide. And Christopher Poulos was very appreciative of that. So I just mentioned that as another example, in many areas where the LCB is doing everything we can to work hand in glove with the Task Force and assist them everywhere they think it might be helpful.

Ollie listed a few examples, there are many others that we haven't shared. But I want the Board members to know that LCB staff is doing, I would say quite a lot of work to support the Task Force. And I just got from Becky, staff and licensing, a couple of more documents in the last couple of days that they put together in response to requests from Task Force staff for more information about a number of things. I don't want to spend more time going into detail. But I just want to make sure members are aware that there are lots of examples of we're not just sitting on our hands waiting for the Task Force to tell us which direction. We're working very actively and very energetically with them at their request where they have an interest in learning more or understanding more history. A lot of our staff, especially folks in the licensing division and elsewhere, but especially in licensing have really done yeoman's work to put together information for them and coordinating with others where necessary, such as with our rules staff, where we're looking at rules to reduce the barriers to people in this program from prior criminal history. We're looking at several ideas there and sharing that kind of information with the Task Force staff. And they strike me as being very appreciative of that. We've had three or four or more LCB staff at each one of these Task Force and workgroup meetings. And they meet into the evenings and it's a lot of work, but we've got a lot of hands on deck trying to help them. So if there are others that want to share comments in other areas related to this work, we wanted to provide that opportunity here.

Becky Smith: Hi, Chris. I'll jump in. So in Licensing, we are making sure that we have not just one or two staff in attendance but we always want to be here in the conversation that's happening, right? So it's not so much about us participating as participants but participating as the folks that are listening to what input the community has for us at LCB. We do take notes. We split up to make sure that we have somebody at each one of those breakout groups. As Chris had mentioned, evaluating what constitutes a relative. So we've been in those conversations. It's good for us to hear what's happening because it allows us to look into questions that the Task Force may have or also to provide the information that we already have at hand. And as Chris had mentioned, we've done a lot of work regarding local authorities and working with those jurisdictions that have bans and moratoriums. We started that work after doing our own forums. So haven't stopped that work and it certainly feels like it's making a difference. As the Board may have heard that Lewis County is looking at whether or not they want to lift their ban. And that really has to do with some of the work that Kevin Milovac and Kaitlin Bamba have done with reaching out to these local authorities and jurisdictions. So, I'm going to stop there, thank you.

Chair Postman: Thanks, Becky. Thanks, everybody, Chris and Ollie too for that. I had a couple of questions and if others wanted to weigh in, staff-wise, please do so. But Becky, let me start with just where you ended as an example. Just hypothetically, if Lewis County ended up lifting their ban in 30 days from today, do we have authority then to do something towards a social equity license there or are we waiting, either by agreement or statute or just good practice for some action on behalf of the Task Force?

Ms. Smith: So, we actually have title certificates in Lewis County. And some of those title certificate holders are people of color. So certainly, we have seven title certificate holders in that county. It would allow for -- those folks would be able to get licensed right away. As soon as they found a location, we would be working with them to get licensed. And like I said, I know for sure of two folks that hold a title certificate in Lewis County that are people of color.

Chair Postman: That may not be the best example then. I guess what I'm trying to figure out is where do we have authority to act and when? And so if there was another county that lifted a ban outside of the title holders, are we able to move ahead with what is on the books already? Or is there still going to be a process? And partly, I think that we need to know this, but also for the public to understand what process has to take place. Is there a process that we'll have to go through to determine the disadvantaged status, the disproportionately impacted? What is that? Is that a study, is that a consultant that we have to hire to do it? You know what I'm getting at Becky?

Ms. Smith: I do. Go ahead, Chris.

Mr. Thompson: I was going to say the direct answer, the short answer to your question, Mr. Chairman, is, no, we're not ready to pull the trigger with a social equity license. As Becky mentioned, there are title certificates out there that would be immediately freed up. But in order to issue any social equity licenses, there are still a number of things that have to fall in place first. And that includes the definition of a disproportionately impacted area. It includes the length of time a resident in that area. It also includes some additional eligibility criteria. And we would have to do that by rule. So, as soon as we get direction about the scope of a new set of criteria or about the residency requirement and we got a definition of a disproportionately impacted area, then we could undertake rulemaking and that would still be something that we would need to do before we could issue any licenses.

Chair Postman: Becky, did you want to add anything?

Ms. Smith: No, he said it well. Thanks, Chris.

Chair Postman: So, do any of you have a sense then for timing? What would be best case, given the work that we're doing? And I have heard great things about the support that you all are giving to the Task Force and the workgroups and providing data. I met with a Task Force member yesterday who was reflecting on that. And I've been told that the Task Force won't necessarily wait 'til its final days to issue one big, huge report, but we may get it in an iterative fashion. But is there a sense on a practical basis how long it might be before we have what you just laid out, Chris, to be able to do something. If somebody came to us and said, when will there be a change in licensing based on this? What would we tell them? What's your best guess?

Mr. Thompson: Well, I can speculate. I know the new provisions around eligibility don't take effect until July 25. I know it takes several months to adopt rules under most circumstances. I don't know how close the workgroups and the Task Force are to saying, here's the thresholds we want to suggest for what's high poverty, what's a high level of drug law enforcement. Those are components of a disproportionately impacted area definition. So, we need those components as well as the timeframe. My guess is toward the end of the year would be an aggressive timeline, not impossible.

Chair Postman: Okay. Russ or Ollie, anything to add or questions?

Member Garrett: Not for me.

Member Hauge: None from me. Thank you very much for the explanation.

Chair Postman: My only other question, and this is also probably not easy to answer. But let's say it's not that best case, we don't get some of this data that we need or the work done this calendar year, what existing authority does the LCB have if we wanted to try to address social equity issues, whether that's directly with new license type, or whatever it is? What do we have in our quiver?

Mr. Thompson: New license types is a really hot topic at the Task Force. They're talking a lot about that. We don't have authority to create new license types. Our authority to do anything more under the umbrella, generally, of social equity is pretty limited. We could consider requesting more authority but I anticipate that we would want to continue working sort of in tandem with the Task Force and at least gauge their sense of what would be helpful prior to taking the leap into new rules and new programs or those kinds of revisions.

Chair Postman: Of course. Yeah, the Task Force is in the lead, I believe properly and should remain so. But I think maybe that second part of that that you've suggested is worth doing as well. And maybe we have. We don't know. But is there anything that the Task Force can chip off sooner than later to say, here's something the LCB could go and do and not in terms of supporting their ongoing work. And maybe you all know this and it's because I'm new to it. I just need a picture in my head and can follow up later. We don't have to spend too much time on it now, which is, what authority do we have to do anything to make the system we regulate more equitable?

Member Garrett: I would say that if there are things like that, that the Task Force can think of, we have definitely been brainstorming and we'll continue to try to brainstorm to see what that could be. And I know Becky has also been brainstorming on trying to see if there's things that we can do now. But from what I keep hearing is without complete definition -- and I don't know if it has to be totally set in stone from the Task Force, but our hands are kind of tied, not overstepping things and making some unintentional consequences decisions without waiting for the Task Force.

Chair Postman: I get that, right. And just to be totally clear, I don't want to do anything counter to that. I totally agree with what you just said, Ollie. I think it's just important that if that's the situation, that we're also just open with people about this, because we know there is some building frustration around this. And I just want us to be as transparent as possible about the situation we find ourselves in right now and the role that we are playing, which I think you all outlined well here today. And it just would behoove us to get that out and let people know and talk about that. So I appreciate all the information today. Okay, we are going to move on to director's comments. Rick Garza, what do you have for us?

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## **DIRECTOR'S COMMENTS - RICK**

Rick Garza: Good afternoon. David, just one thing I would add is thank you to the staff and Ollie. I thought that was a really good brief. I just want to remind everyone that we had forwarded three specific ideas that we had that would have amended the bill, the social equity bill, to allow us to begin moving a little more quickly, to your point, David. And I think the staff did a great job of discussing and Ollie, how we want to stay really engaged with the Task Force in the workgroups to make sure that we're giving them our best thoughts and that they're providing us with information so we can provide them with information also about how we move forward. I don't know that Kathy's on the call with us. I didn't remember, Becky, is the CR 101 open for rulemaking with respect to the social equity law? I don't know that it is yet.

Ms. Smith: I don't know that it is yet either but there is rulemaking open for the criminal history checks. So that was something that we had heard during those forums that we did, and something that was one of those items that Ollie had spoken about, that licensing has taken on to see if there were some changes that we can make. So that's open.

Mr. Garza: So I'm just throwing that out there because it's a very simple thing we can do, David and Board, is open up the CR 101, just be as prepared and as ready as possible. When we do get eligibility requirements for a social equity applicant, that we're ready to bring it to the Board for discussion. Because I think what Chris said, that timing, it's really hard to guess. But that timing seems to make sense that it would be later in the year before we would get enough information from the Task Force to begin devising our rules around that. So anyway, I just want to thank the staff and Ollie.

And then also, I know that we provided funds to the UW to help with some information that the Task Force needs. I know that when one of our staff left, we brought another staff person in to help. So just be aware, I know Ollie is, Board members, that we're trying to do everything we can to assist not only with information with funds of the agency to help the Task Force move forward. So that's probably all I would add, David.

Last week, we started public service recognition. And I just wanted to share inside the organization with the Board members, some of the work that that we did. First, Kim Sauer, who works in licensing and runs our mandatory alcohol server training program, has for many, many, many years, was recognized in a ceremony that was done last week for public service recognition week. It was a leadership award, she was nominated and received. Just wanted you to be aware of that. But it was a ceremony that happens every year with Governor Inslee and Secretary of State Kim Wyman. And it was just great to see her recognized. I had sent an email a couple of weeks ago, talking about that recognition and then recognizing that one of the reasons I think she got the award for leadership was she is serving and has been instrumental in a group that was formed, a business resource group called The Washington Immigration Network that was actually started by someone who worked in this agency years ago,



Lorraine Lee. But I just wanted to recognize during this time, not only last week, but this month for public service recognition, one of our own was recognized and several others were recognized by the Governor and Secretary of State.

And then secondly, the Governor and the Governor's Office recognized some of the work that four specific agencies, the Department of Licensing, Labor and Industries, Liquor and Cannabis Board, and the Gambling Commission did in helping enforce the Governor's COVID-19 restrictions and proclamations. And as you know, we work closely with other agencies and the governor took some time with staff to recognize those four agencies, all the directors, including myself had remarks. I just wanted to share with you if you're not aware that 11 of our enforcement staff were recognized and Julie Graham in our communications office. And then of course, before Justin came over to work in the director's office as our enforcement chief, he led the efforts with staff at the EOC, the Emergency Operations Center for handling complaints that were coming in, related to COVID-19. I shared these numbers on our ceremony together, just so you know, we handled just about 12,000 complaints of violations of Covid-19 emergency proclamations. Our enforcement offices were able to close out those complaints within nine days. Officers provided 2,500 hours of educational support to our licensees. And I think what's really important to recognize here is that 99.9%, I'm sure there's another decimal percent of our licensees were compliant. And just so you're aware, the enforcement division established a command structure to quickly respond to complaints that were funneled through the EOC. They coordinated with other agencies to help share the load on alleged workplace safety offenses that are outside of our scope.

So remember, if you don't know, LNI (Department of Labor and Industries) has very little enforcement staff. And there were a lot of complaints that were being made. And what happened is we merged with LNI for a year to make sure that we could deal with complaints that were made of our licensees, grocery stores, for example. In addition, our communications team volunteered full time at the EOC to help field press calls and organize the Governor's press conferences. And as I said before, 99.9% of our licensees responded to the officer education to resolve these issues. I also shared, so you're aware and you recall, like some agencies that were present, our officers were at times threatened with violence or otherwise, were subject to actions designated to intimidate by misguided patrons who literally felt was their constitutional right to eat and drink in restaurants regardless of the pandemic that was taking family and friends from us. One officer received national attention when a small mob of protesters organized by a political activist went to the officer's home to harass him. And I think we all recall that. So I share that information because it shows the work that that our officers did and our agency did along with others to protect and save lives. And so I was really happy to see the Governor and the Governor's Office recognize these four agencies and our agency. It's too bad you weren't able to listen, and maybe you were but there are a lot of stories told about the camaraderie and the partnerships that were created between LCB and LNI and some of the other agencies like the Department of Licensing. So it's a great recognition and I was really happy, again, that the Governor and the staff took the time, the Governor's staff, to recognize our employees.

And then yesterday, you know, Becky, has always put together these great recognition events for her staff in licensing. And yesterday from 10:00 to 2:00, they did a drive by recognition out in the parking lot. And I was happy to be able to join them and gave out bags and it's just a really fun time. Some people that haven't seen us for over a year drove by. And I was thinking, Becky and you would know best, I want to say when I left at 1:30, about 75% of the employees had driven by. So I just want to thank you and all the employees for taking the time this month to recognize our employees. And we'll continue to do other events during the month but I just wanted to share that with the board members and the public.

Then, as you know, George Williams, one of our own was just appointed as the CIO for the agency. And I sent out a notice of that. And just wanted to say it's great to have George join us as our lead now in IT. A great background with respect to 25-year veteran of the army. And while I'm at it, I guess I would share, last Friday, for the sixth year in a row, we were given an award called "Yes Vets". And you may have heard of it. And we've been lucky to receive that six years in a row. And I was here so I was able to take a photo that we'll share with employees. The state recognizes employers for hiring US vets. And we've been fortunate to be able to be really active and really worked hard to make sure that we do everything we can to hire a vet in our agency. So I wanted to share that with you.

I also had the opportunity to meet Karen Johnson, Dr. Karen Johnson, who's the new equity Director of the Office of Equity the Governor created through legislation last year. And she is working with all the agencies including our own, on a five-year strategic plan for DEI (Diversity, Equity and Inclusion). And so she's already engaging with us and Claris will be working with her. They're going to be doing a survey. But they'll be putting a baseline together and then looking at a strategic plan to make sure that we bring DEI, all the parts of DEI into our agency. And it just so happens that tomorrow we begin interviews, so the Board members are aware, for a DEI manager for our agency. And it's consistent, as you know, over the months and the year that we've talked about how we want to bring the full measure of DEI into our agency. So I wanted to share that with you.

And then Monday, as is common for our agency over the last seven years, we met with New Mexico, who one of the new adult use states for cannabis. And I think about five or six of our staff provided our overview of a couple of hours. And they had specific topics of interest. It's not un-similar to what other states have asked as they move toward legalization. So we had an opportunity to meet with Linda Trujillo, who was the superintendent in New Mexico for regulation and licensing on cannabis. I want to thank our staff too for always being there to assist other states as they move forward. David and Board members, I think that's all I have. I'll take questions if you have them please.

Chair Postman: Thanks, Rick. Any questions for Rick from the Board?

Member Garrett: None for me.

Member Hauge: None from me. Thanks, Rick.

Mr. Garza: Chris, I do want to take an opportunity with the Board members present and staff to thank Chris for maneuvering us through another legislative session. And there'll probably be never one like it again, with respect to the pandemic. So thanks for all your work, Chris and the work of the staff and certainly the work of our Board in helping us with our agency request legislation. But really good work, Chris, as usual. And I know there were fewer bills, which is good for a change. But appreciate all the work that you did and appreciate you leading our social equity as far as our staff person that leads out with our Board member Ollie and making sure that we're staying attuned with the Task Force and with the work of the legislature. So with that, David, thanks for the opportunity and thanks, Chris and staff.

Chair Postman: Thanks, Rick. And certainly will echo your comments about Chris's work this session. It was really well and such a bizarre setting for the year. So we will go back now to Becky Smith for more of a licensing update.

## LICENSING UPDATE - BECKY

Ms. Smith: Thank you. So I'll try to keep this short, just some information that you need to be aware of or want to know. I just want to share with you that we have continued to see an uptick in the number of applications coming in on the liquor side. That's positive. I'm not surprised at the number of new applications that we're receiving pre-pandemic for sure. I shared with Rick and the other managers Tuesday that on Monday, we received 77 new license applications. And so that's for liquor, for people that are wanting to either apply for a new license or take over a new license. So that's positive. We're also seeing a lot of requests coming in for special occasion licenses. Again, not a surprise that people are wanting to get out and hold those functions. What's even better is that they're asking us to do some education with them. And so Beth Lehman from customer service does a fabulous job at presenting to our stakeholders, usually with one of our enforcement staff, but recently did a presentation to the Washington Wine Institute. They wanted to talk about what "Phase Two" was, what "Phase Three" meant as far as their events and some guidelines. They wanted to know the difference between a special occasion license and the new wine association license. So all good information issued. We're doing another event on the 19<sup>th</sup> for Washington Festivals and Event Association, again with enforcement, who supports those areas that are making the request.

I also want to mention that we have been doing some collaboration with business licensing services, so Department of Revenue. What we've heard from our cannabis side has been that we need to get some of our applications online and be able to make those applications available so they're not just in paper but they could actually just go online and have an electronic format. I'm really happy to report that that's happening. Our customer service, Beth Lehman and our cannabis manager, Kevin Milovac has been working with BLS, Business Licensing Services/Department of Revenue to make those changes. And so they've made an upgrade for the change. So our cannabis licensees will be able to do a change of location or an assumption, so somebody that wants to buy the business electronically instead of having to do it just by filling out a paper application. Again, really it doesn't seem like a big deal but it is such a big deal, especially right now in the time of COVID when a lot of our licensees need things to be easy to make those applications or make those changes. So that's really positive.

And then I also wanted to mention, not today but in most recent Board meetings during public comment, it was stated that licensing still have 44 unissued producer/processor licenses according to our website. And I just want to assure you that that's not the case. The 44 licenses that they referenced are pending change of locations and assumption applications. So our system shows these applications as pending and not issued because this is a type of application that generates - and I know I'm probably giving you too much information - but a new UBI number in our system, which makes it appear as if it's a new application. So again, all of our producer/processors, folks that applied six years ago, seven years, those have all been issued. We have no outstanding new applications that have never been issued for producer/processor. I just wanted to provide that information to everyone and just to correct what had been shared.

And then back on the liquor side, as we start to see these businesses open, again, really positive that we've seen an increase in the number of MAST (Mandatory Alcohol Server Training) permits that have been issued. That just indicates that more people are going back to work at these liquor licensed establishments. So again, really very positive. And I think that's it for me and open up to see if you have questions.

And Rick, as far as the event that we had yesterday, thank you for attending. About a 90 percent of our staff showed up to pick up their bag of goodies. And I have to tell you, it has been a year or more since

we've seen most of these folks. Some of the gals that left pregnant came with their new babies. We had a bring your baby to work and licensing always seemed to have more babies than any other division. But it was great to see all these little babies in the backseats and to see all of our staff. They showed off their cars. They showed themselves being a teacher and an employee. It was great to see everybody and really appreciated Rick joining us. Staff loved that the director was out there. So thank you.

Chair Postman: Great. Thanks, Becky. One quick clarification on the issue you were talking about with the pending application, pending license. Did you mention yesterday - I thought I read an email - are we going to be able to flag that somehow in the system going forward so people know what that is, that it's a transfer or something that's triggered the new UBI?

Ms. Smith: Yes, so after we received that question, it was something that we're working with IT and then along with Brian Smith with communications to see how that can be flagged differently or shown differently. Again, we're never really sure what the outside is seeing. So that was good for us to know because we didn't realize that folks were paying attention to that piece. We are going to look at making some changes and seeing what's possible. And now with George there, he can help us do that.

Chair Postman: Yes, put it on his list. That's great. And I think the work you're doing with BLS is fantastic. It's not little. The more we can make things easier for people and those issues have already popped up where people say they didn't know or they didn't do it in the right time. And the easier we can make that for people, bravo. So that's great.

Ms. Smith: Thank you.

Chair Postman: Any other questions for Becky? Hearing none, we will move on to enforcement and education update from director Chandra. Brady. Thanks, Becky.

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## **ENFORCEMENT AND EDUCATION UPDATE – CHANDRA**

Chandra Brady: Good afternoon. I'm here today to share with you some updated stats. I know that that's something that you are interested in. The Covid-19 complaints are down this month 72% from an all-time high in December of 1361 complaints to a low in April of 379 complaints. The decrease in complaints started in January of this year and it's been consistent from month to month. There have been 85% of our businesses, as we start talking about AVNs (Administrative Violation Notice) and the small percentage of people who chose not to be compliant. Eighty-Five per cent of our businesses that did receive an AVN did not receive another one in the past six months. So we were able to work with them through lots of education and then even further correction after just one AVN. So that was all very positive.

Also in the enforcement division we've been doing a lot of work in the policy arena. We will have some follow up work from legislation as a regulatory and law enforcement agency will have some work to do in response to some of the bills that were focused on law enforcement reform.

And also we've been working really closely with a local community group and advocacy group for immigration called Strengthening Sanctuaries on our immigration policy to make sure that we are following their statewide model policy, which is exciting for us to be able to partner with them.

In addition to employee recognition week last week, we are also looking at this week, National Law Enforcement week. So we also recognized our employees in the enforcement division with some tokens

and we mailed those out because of our statewide offices and larger number of employees. Personally, I've been continuing to do ride-alongs, which is really exciting. It gives me an opportunity to meet licensees, to see the work we're doing in the field, and to learn and see any issues face to face and have conversations with people about them. Most recently and this week, I'll be in Silverdale Olympia Federal Way. I got to go out with MIW and even the taskforce this week because we are partners with the Thurston County Sheriff's Office Task Force.

As far as our leadership team goes, I've been doing some exciting work. We've had three workshops with my managers and captains and deputy chiefs. And we'll be working with the lieutenants next. And we're just talking about strategic planning because as you know, plans are nothing but planning is everything. And working on a mission statement for the enforcement divisions. And also we are working on promoting to captains into some open positions that we have. So other than that, we are plugging along. Any questions for me?

Chair Postman: Any questions for Chandra?

Member Hauge: None for me. Thank you.

Member Garrett: None from me.

Chair Postman: Okay, Chandra, you're off the hot seat today. Thank you for the update. Appreciate it. And we will turn to Brian Smith, the communications director for Communications and Media update. Brian.

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## **COMMUNICATIONS AND MEDIA UPDATE – BRIAN**

Brian Smith: Yes, good afternoon, everybody. Just wanted to start off by complimenting Chandra on that gorgeous backdrop that she's got there with the state of Washington and the Liquor Board logo. Looks very sharp, quite impressive. So I've been in communication with David on this but Ollie and Russ, I hope you find those optional backdrops to your liking and that you will be able to use them as you see fit for official business. But let me know if you have any input on it that we might be able to help with. So that was just one of the things that I sent over to your inbox last week.

Just real quick, on the media front, I think as I reported last time, they're trickling in for us, which is two or three media contacts a day. There are no real trending issues at this point other than sort of regional interest in COVID-19 violations for a licensee in their area. And several of them have now been seeking sort of a broader approach, their city or their county and looking at it from that perspective. Mark Siegfried in enforcement is excellent at providing data that I need and you guys I'm sure will need at points. That is very helpful. And it's very welcomed by the media. He's been a great contact for that.

We've had some questions on Delta-8 and social equity here and there sometimes from out of state. I just talked to someone from DC not long ago about social equity and the amount of diversity that we have within our system of which we're well versed on and we heard from earlier today. Chris had brought me into the conversation with commerce about notifying people about the grants and things that will be available, the sources of funds for the social equity stuff, which was a great move. We will be collaborating with Department of Commerce on kind of joint messaging on that so that people will have an easy way of being able to find out that information. Typically anything with cannabis, people are always going to think of us, they're always going to come here for that information, even though commerce may

be the lead on that. But we will provide the information in a way that is easy to find and easy to access and do joint messages with Jamie Smith, who's the former Governor's communications director, likely a David Postman hire, I don't know, but is now the communications director at the Department of Commerce.

Also pertaining to the legislature is following session each year, Chris and his team put together legislative fact sheets, which are summaries on the legislation that is pertinent to our stakeholders. He's already drafted up a legislative response, legislative fact sheets that he's submitted to our group. Julie on my team has reviewed them and provided some edits back to Chris. We will soon probably get those to finalized and then we post them to our website and publicize them. It's usually a great resource for not only the industry but also for our own staff to be able to refer to about new legislation that comes out. So be looking for that I would imagine within the next ten days.

And then lastly of some interest is the presentations. I'm usually always involved in any presentation involving an outside audience. I have several coming up where I'll be collaborating with Rick or other members on something. We're doing one on in particular with the Internal Revenue Service who had reached out to the Department of Revenue about a month ago and revenue reached out to us. And they had asked for a briefing out of their Colorado office, which is sort of their regional office for this part of the country on what's going on with the cannabis industry, particularly with regards to taxation, how that whole thing works. And so we'll be doing a joint presentation with revenue, with Jim Morgan and Rick and myself on June 7. In cases you're wondering, I mean, I asked probably the question that you might be -- why now. why are you interested? And they didn't quite exactly say that. I think that they just think that it's time that they take a look at state systems, kind of overall. They said that we had briefed them in the early days of setting up the system. I don't recall that but they're going to have, I don't know how many people but it's going to be a fairly large audience of people that are auditors and others that will be listening in on it. That's June 7. So that's about it. Are there any questions or anything I can help with?

Chair Postman: Well, I was about to ask that "why" question, Brian. That's pretty interesting. Maybe they're looking ahead to possible national action on legalization or delisting or whatever. Thanks to you and your team for the backdrop. I'll just say, I think our goal should be that in the public meetings that we've been doing online, and some of this is an IT issue that we're also making advancement, we'll get video going on those and make them a little more visible in that way for board meetings and such. It would be nice to be able to see people and have people see those that are presenting. And the backdrops are great. They look professional, almost like you guys are super professional, Brian. So nicely done. I'll just pause for a quick second to see if there's any other questions about communications for Brian.

Member Hauge: Not for me, thank you.

Member Garrett: Nothing for me.

Chair Postman: Okay, so thank you, Brian. Appreciate that update. Any other team updates or Rick, any additions you want to add at this point? We've got some time here. Hearing none --

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## **ADDITIONAL TEAM UPDATES**

Mr. Thompson: Mr. Chairman, this is Chris Thompson. Just quick information item if we're at that stage. The agency request legislation process will be kicking off fairly soon. And what I'll be doing is revising the

procedures and some of the details about that, but it'll be pretty familiar. But this being your first cycle, it'll be coming fairly soon. I want the board members to be aware or reminded that we'll be reaching out particularly to the division directors to help us identify any topics that we might want to request legislation on next cycle. So we will probably do a lot of work on that in June and July. We've got to submit all our material by early to mid-part of September. Jim Morgan handles the decision package budget request side of that cycle. And it's a similar timeline, but it's more a preview of coming attractions there. Just FYI.

Chair Postman: When is the slow season for you, Chris?

Mr. Thompson: I wish I had one.

Chair Postman: You've got, like, two days after the session and we start working on the next session. So I actually look forward to that and hope all Board members are able to engage in that process as we go through and see. Even though everybody will tell us there's a short session and to keep our ambitions close. But I look forward to talk about that more. So thanks, Chris. And if there's nothing else, I'll just go back to the board members, Member Garrett or Hauge, anything for closing or things you'd like to have the executive management team think about for our next meeting together?

Member Garrett: This is Ollie. Nothing from me.

Member Hauge: No, I think things are moving along pretty well. Thank you.

Chair Postman: Great. Thank you both. Okay with that then we have completed our work for this EMT meeting. I look forward to the next one. Thanks, in particular to Chris and Ollie and Becky for giving good details on the social equity bill and the process going forward. And we will continue to try to communicate with the public and our licensees and potential licensees about that as much as we can. So thank you all and meeting is adjourned.

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Meeting adjourned at 2:45pm.

Minutes approved this 14<sup>th</sup> day of July, 2021



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David Postman  
Board Chair



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Ollie Garrett  
Board Member



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Russ Hauge  
Board Member

Minutes Prepared by: Dustin Dickson, Executive Assistant