



Executive Management Team Meeting

Wednesday, June 9, 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

Kathy Hoffman, Policy and Rules Manager
Sara Cooley Broschart, Public Health
Education Liaison

LEGISLATIVE UPDATE – CHRIS

Chris Thompson: Thank you. Good afternoon, everyone. Hope you're doing really well today. The legislature is mercifully quiet right now, thank goodness, scheduling JLARC (Joint Legislative Audit and Review Commission) meetings over the interim and things like that. So what I thought I would do with this very brief legislative report and cut me off mid-sentence if you need to, Gretchen, is give you a little bit of a look ahead in regard to the agency request, legislative development process.

So unlike last year at this time, when I was expecting we would have no agency requests, I think we will pursue agency request legislation in the upcoming cycle. So I want to just give you a feel for the steps in the process and the timeline. We just received notification from the Governor's Office that our overall deadline for submission of these packages is September 13. So we're working back from that point and dealing with, you know, we had a long session and a month after session just evaporated without warning. So our timeline is a little more compressed than it has been in years past. But it has started. I sent, yesterday, I think, guidance out to division directors to give them this series of steps and timeline. So this is a modification from not a dramatic one from years past. It's broadly similar and would be familiar to division directors and leaders who've been around a while. But very generally, we start with an invitation to the directors to consider involving their staff and developing ideas to propose for potential agency request legislation. And so we've basically got June to surface any ideas from those sources, through the division directors. We've got a form with a series of specific questions to fill out. And this needs to be worked through and approved by the directors before they come forward to us. One real

wrinkle in the process this year is to take account of the fact that I'll be out for a few weeks during prime season for developing agency request bills. Fortunately for me, Jim Morgan has agreed to fill in in my absence to ensure that things keep on track and keep moving. And key pieces of these efforts come from Jim's staff in the finance division anyway. So, Jim's going to help kind of work our internal staff processes and needs in my absence for a few weeks over the summer, from mid-July to mid-August. But in the first week of July, after we give division directors a chance to put forward any ideas their staff has that they approve, then a smaller group of us will sit down and look at what has been submitted. Probably the second week of July we will start looking at the fiscal implications of any ideas that are on the table and Jim Morgan will directly lead that process. We want to then, by probably late July, early August, ensure that the management team has a chance to look at where we are, what we're considering, what's on the table, and what has come up so far in discussions about these ideas. And then I've asked Jim and Justin to brief Board members individually at that basic time frame about just where everything is. We don't want to drag the Board through every single step in the process but want to make sure you're brought up to date, certainly, by key junctures in the process. So then in the middle of August, I will plan to distribute what we have at that point for potential ideas to a stakeholder community and give them a couple of weeks to provide any feedback or suggestions that they might want to offer to us. Right around the end of August, the week of August 30, we'll look at what kind of feedback we received and discuss with management team any potential revisions, and then take that to the board and ask the board to review what we're looking at. Maybe that's at an EMT or the venue isn't necessarily determined at this point. But then maybe Board members might have revisions or input at that point. And then finally, the supporting documents need to be completed, gathered, and submitted to OFM through what's called BATS (Bill Analysis Tracking System). And that's the final step. And those packages include the actual proposed legislative language, a fiscal note, a description of the proposal, information about stakeholder feedback, and then how the measures connect with the governor's priorities, and a few other things like that. So those packages are due September 13 and we'll aim for September 10 to make sure we've got a little bit of margin there. So that's basically the timeline and the process. And that's what I wanted to make sure you're aware of. Gretchen, did I come in under my time requirement or did I exceed it?

Gretchen Frost: I think you did great. Thank you, Chris.

Chair Postman: I guess Gretchen's going to be our timer today. Thanks, Chris. One quick question. Is there a point prior to the session in the fall where we have a presentation either at a Board meeting or Board caucus on what that legislative agenda looks like?

Mr. Thompson: Well, the Governor's Office doesn't impose upon themselves a specific timeline for letting us know if we're approved. Sometimes that can be very late in the process, even January. Sometimes it's pretty early. So I think the answer to your question is sort of going to swing with what kind of response we get from the Governor's Office. They have to obviously put together a budget proposal for the supplemental cycle and that has unforgiving timelines. So I'm assuming that will help us ensure that by November, at least, we'll have a good indication.

And then I didn't mention specifically budget requests, but I expect there's a good chance we'll have one, maybe not more than one or two. But those also would be part of our agenda for the legislative session. So I think once we've got approval, that's approval for specific language in a Code Reviser draft bill. So we're not authorized to really revise it at that point. But then we'll be looking at things like sponsorships in the beginning to make the case, potentially, as well, without further conversations with stakeholders and closed loops where they might be interested.

Chair Postman: Let's just make a note that at some point, whatever it is that we can say, here's the legislation we're going to be backing, that we do some public airing of that, even if it's not until January. Believe me, I know how those people over at the Governor's Office can be, Chris. Any other questions for Chris from the Board? No? Okay. Thanks, Chris. We will move to a licensing update with Becky Smith. Becky.

LICENSING UPDATE – BECKY

Becky Smith: Thank you. So I just want to quickly -- a couple of things I want to mention. Kim Sauer, as you know, represents the WIN (Washington Immigration Network). She's one of the co-presidents of WIN. And this year, they had a brand new award that was provided. And they gave that award to LCB. I knew that Rick attended the award ceremony yesterday. So just congratulations to LCB for all the work that they've done in supporting that program.

Chair Postman: And can I just say it also speaks so well to Kim's leadership there and in the agency too and Washington Immigration Network state employees. It's just a great group

Ms. Smith: It truly is. A couple other things that I wanted to mention was that we've just completed training. [audio dropout] Would it be better to proceed with emails? Would it be helpful to go out there and do some type of education with them on changes that are happening to the licensing process? But certainly, that and our website, they talked a lot about how to improve our website. So we're going to be sharing that, of course, with our communication folks and see what we can do in making some changes and improvements.

Member Garrett: Becky, this is Ollie. On the newsletter, how does it go out? Is it like through a Constant Contact? Does it look like something that's advertising? Or does it look more personal coming from an individual?

Brian Smith: Yeah, it comes out via GovDelivery but it's hosted on a different sort of a server. So it looks a little different when you open it up, Ollie. Cannabis has about 7-8,000 self-subscribers to that newsletter. And so to Becky's point, I don't know how many always open it up. It always gets very high marks for the information for those folks that read it. On the alcohol side, it's sent to a broader list because they hadn't been as actively requesting that. But yeah, it goes out via GovDelivery like a lot of other messages do. But when you open it up it looks different on based on the platform it resides on.

Member Garrett: So do you think if it's something that, I'm just thinking out loud, that would come out a different way, even if it's a blind copy from the director's desk or something more personal, they will open it? I found with the other hat I wear and we do a newsletter and it goes out two different ways. One is through constant contact, which they're used to all kind of stuff coming that way. But when I personally send it as a blind copy and they see that it's coming from the president, they open it. It doesn't get in their spam or sent somewhere as, "oh, this is just the normal, whatever stuff". If there's a different way to send it from the desk of the director or something like that. And I don't know --

Mr. Smith: We're trying to approach that creatively, Ollie. I mean, the reason why we have GovDelivery is because our email system can't handle the size of the emails and distribution lists that we have. And it allows people to opt in or opt out, all that kind of stuff, too. So I can't send it from our email system, because our lists are gigantic. I'll take a look and see if there is some other way that we can be able to do that.

Member Garrett: Okay, thank you.

Ms. Smith: And then one last piece of information that I want to share is it that we had some SMP (Systems Modernization Project) staff, licensing staff that had been pulled back from the project. And we actually put them to good use before we put them back in their positions. We had received requests from the Commerce and Gaming Committee during the legislative session. And although we couldn't complete it before session was over, we thought it was a good question for them to ask. And we certainly wanted to make sure that next session that we continued to look for some of the information. They asked us about demographics and what our restaurants looked like. So we completed the demographic report of restaurants, ownership by sex, race, and Washington residency. And so we're going to provide that information back if folks are interested. I know that when I shared it with Rick, that was one of the things that he had asked I bring it to the directors meeting, so they could hear that information. And certainly the staff put a lot of work into it. So it's always nice if we can provide that information once they've done all that work. So with that, I'm going to go ahead and stop and see if anybody has questions.

Chair Postman: Other questions from members for Becky? No? Okay, great. Thanks, Becky. We now will hear from Chandra Brady for an enforcement and education update director.

ENFORCEMENT AND EDUCATION UPDATE – CHANDRA

Chandra Brady: Thank you, Chair Postman. I wanted to update you about some of the goings on in the Enforcement and Education division. As you know, I've made it my goal to get out into all the regional offices. I've done so with the exception of the Vancouver office, which I will visit Sunday through Tuesday of next week. So, I'm excited to make that round. Just so you're all aware, that's not going to be the end of that for me. I think it's important for me to remain present and aware of what's going on in the field. And I can definitely see my command team following suit there. I'm excited about that. I just haven't figured out yet what my schedule will be when it comes to visiting or how often I will visit each office. It will definitely not be making the round every 12 weeks, we'll have to figure that out as it goes along.

I'm also working with my team on a strategic plan. We're identifying objectives, strategies, and some measurables that will allow us not only to aim our work directly towards the mission of the agency but also to measure and show exactly how we're doing so.

Then also, my third priority over these past few months has been building a team capable of intentional leadership. We've had three leadership workshops and are set to have three more in June. First, we worked with the deputy chiefs and captains and now we're working with our lieutenants to make sure that we're all speaking the same leadership language and all able to deliver the same message. We've also promoted two captains, Paul Magerl and Josh Bolender, and we are preparing for a lieutenants exam coming up too. So, some great work in the leadership department of enforcement education.

And then I thought I would bring some data to share with you.

Ms. Brady shared [PRESENTATION 1](#).

Ms. Brady: Do you have any questions for me about the enforcement education division?

Chair Postman: I don't at this point. Other members? Hearing none, Chandra. I appreciate seeing those stats. Let's do that regularly. Not every time, I know it's work for you, but it really helps me to have that picture in my head so I appreciate that.

Ms. Brady: The data is compiled regularly so I can share it as frequently as you'd like.

Chair Postman: Great. Thank you. Seeing no other questions, we will move to Brian Smith for a communications and media update. Brian.

COMMUNICATIONS AND MEDIA UPDATE – BRIAN

Brian Smith: Thanks, David. Mine's a little bit more informal, just to kind of give you a sense on, I'm sure you've seen the media coverage around the "Joints for Jabs" which has been considerable. It's worldwide, literally. I got off the phone with the Times of London radio just before I got on to this call, which was quite interesting. New Zealand has called and they want to talk to someone on Monday or Tuesday. Maybe you saw that Rick was on CNN this morning talking about our perspective. So, that's significant news coverage. We've faced these kinds of things in my tenure since I've been here. We've certainly had huge worldwide kind of news, but we haven't had one like this in a while. I would describe it as generally positive, and curious, for those places like in England where they don't have any sort of legalization. They're quite interested in why we would need to incentivize people in the first place to get a vaccine. And we know some of the reasons why that's the case here. But, as it tends to go with media issues is that you'll have this sort of wave, of interest and they don't know that much about it. But as they dig into it a little more and they talk to other people and then sometimes you'll get another wave and they'll come back maybe a little more critical of the path. But I think the choices that we've made on this particular issue are in the right field and we'll be able to defend, of course, whatever it is that we do. You guys heard some points that were being made this morning that are also being made in the media independently. Maybe Rick will be interested in talking about one of his experiences when it's his time that he had earlier today with that. But that's generally where we're at. I think we felt really prepared with how we did it. I mean, it's been pretty intense to this point and it'll probably tail off a little bit tomorrow and we'll see where we go. But, David, I know you understand all these things quite well. Rick, did you want to say anything about your experience or you want to wait until your time?

Director Garza: No, I think you're accurate. I also did a radio show in Vancouver, BC, I guess their top radio show there. People are just very curious as you shared today. David, I'm not aware of any other state that has done this except for Michigan who allowed one retailer. That could have changed in the last couple of weeks or the last week. But when I was with members from the other cannabis states, I asked if anyone considered a program like the one that we've approved, and there was silence other than Andrew Brisbo from Michigan saying, "yeah, we did allow it for a retailer in Michigan". Because unlike Washington, they can provide complimentary cannabis, I think. And so, anyway, I think your point was good that often, we hear ridicule that we're so far behind. And yet, here's another example of innovation or the state being open to, do, as I said today, our goal is to get people vaccinated. And that's what we're approving both for alcohol a few weeks ago, and then for cannabis the last few days. So I think it was just people very curious about it all, and so I was able to explain our program.

Chair Postman: And there's critiques from all sides, we should say. I mean, the public health and prevention community is unhappy that we did anything of this sort that could look like we're encouraging or promoting. And then some of the retailers think we're not doing enough on this. The Governor's interest was to do everything we possibly could to encourage people to get the vaccines. And so I think we struck

the right balance on this one. Having everybody mad is not necessarily the measure of striking the right balance. This was a difficult one, but I think we did and I think the way, Brian, you and Rick have been talking to the media about it is right. We're not in the business of promoting cannabis use. We're in the business right now of trying to help promote vaccines. And so these two things do cross momentarily in our business.

Member Garrett: I wish I had gotten involved more in the conversation, after listening this morning's information going out because one of the things -- and what I've done in my other hat at the Tabor Hub, we have a pop-up site. The only thing that was required -- we had to have a nurse or a pharmacist here giving the vaccine and able to account that we're letting anyone who comes in, there's a seating area where they have to sit for 15 minutes before they can just walk away. That was all of the requirements that we had to have for our pop-up site.

Chair Postman: Really?

Member Garrett: Yes.

Chair Postman: That's interesting.

Member Garrett: It just so happened that one of our Tabor members is a pharmacist and had a nurse that they donated to us when we set up our pop-up sites. So, it's not that complicated to have a site. I can understand what they were saying in the retail stores. Some of the stores are so small inside that it would be difficult because you definitely need to have a chair or something where you're showing that when they get the shot then they are being observed for 15 minutes before they walk away. But that was the only requirement we had to have.

Chair Postman: And at the drive thru site I did it was just a place to park your car for 15 minutes. I think there's a lot of flexibility in setting those things up.

Member Garrett: Yes, so if the industry can just get a list of the nurses' availability or pharmacists to partner with -- and that's what we did. We just partnered with someone, said, "hey, can you come over every other Wednesday at this time?" Something like that.

Chair Postman: That's what the Spokane retailer who brought the idea to us is doing.

Mr. Smith: At the at the Board meeting today, you heard at least one person say they wanted us to go the extra step of telling them how to do this and things. Our involvement kind of ends at the allowances, is how I've explained it. And with the calls that I've taken, I've referred people to the local health jurisdictions of which their store is in, which is the appropriate place to take these questions. And, per your request, David, I reached out to the Department of Health (DOH). My contact there is running it up the flagpole and they're going to get back to me if there's any sort of statewide coordination or something that needs to happen here. But, I'll follow up with the Board when I hear back.

Chair Postman: Yes, good. I think in that case, this is something that the Governor's Office really wanted, what the Governor really wanted, and I hope DOH can just help answer questions. We're not asking them to promote or organize or anything like that. Even what Ollie just shared with us is the kind of information that we need to be able to get retailers, too, if they have that question. Appreciate you reaching out.

Mr. Smith: And then just two other just brief things. On Monday, some of the folks that are present here and myself did a PowerPoint presentation to the IRS. If you remember, a couple of weeks ago, I had said

that they had asked for our time, together with the State Department of Revenue. We met with the lead auditor and others representing the western states, or the western region. They indicated to us that they just needed to be back up to speed with a new group of people. And looking ahead, there were some discussions about memorandums of understanding or data sharing agreements, which what I took from that if I remember is some of that got cancelled when the Cole Memo got cancelled. But, they were open to having a discussion with the two agencies about how that might work.

And then, lastly, I'm recruiting for a communications person. I have been without one since January. For those of you that are new here, we normally have four of us in the group. But now that we know that the budget has been in a more stabilized situation we are recruiting for that And had a good number of people apply and some good candidates among them. So, we hope to have someone on board here before too long in the communications office. Anything else?

Chair Postman: Not from me. Russ?

Member Hauge: Brian, I know we can't chase every bit of misinformation that's out there. And we've talked about this before and I support everything you're doing. Particularly today, I think we caught a blurb where you talked about the plain illegality of delta-9 produced from hemp being introduced into our system. Is this a campaign of misinformation that I see happening about what's going on with delta-8 and delta-9, and what are doing about it? Is there more of a plan to address it now? If there isn't, I'm fine with that. I just want to know what your thinking is.

Mr. Smith: We're not taking delta-8 on and those others that are similar products in a full on sort of communications tactics at this time. I know Kathy's group has a lot of work ahead of it on this issue of which we would be a partner in being able to help carry that message. I think that within the industry, for sure, Russ, there's a lot of talk about this, good and bad. As far as it reaching the entire general public and the understanding of that, I think it's still got an uphill road to get there where people start thinking about, "what the heck is this". But within the industry, issues swirl. Of course, it's swirling right now and it's going to be here for a little while. But I think with the work, at least with Kathy's group has a good opportunity to be able to build on that.

Member Hauge: Thank you.

Chair Postman: Thanks, Brian.

Mr. Smith: You're welcome.

Chair Postman: I think it's a good point, though, Russ. There is lack of good information, I think, on it because it's brand new. We're all learning as we go along and I think the "deliberative dialogue" sounds like it was terrific from what you've reported, and others. I think what we're doing to do now, our next item on here, we're running a little late, is a delta-8 update. And specifically trying to look at what other states are doing. Just this morning, we heard from one part of the industry urging us to do what other states have done in the sense of "you should prohibit it". We've heard from other parts of the industry saying "you should do what other states are doing and find a way to regulate it". And so there's a mix out there. So, we thought it was worth spending some time on that. Kathy Hoffman and Sarah Cooley Broschart are going to talk to us about that. And, Russ, hoping you can weigh in on that as well, from what you've heard. Russ?

Member Hauge: Just one thing. I think it's really important that we talk about delta-8, and delta-9 from hemp biomass, separately. They are two separate issues. The delta-8 issue, selling stuff in gas stations, over the internet, is really something that the legislature is going to have to address. The extent to which it's in our 502 stores is something we have responsibility for. And, I know that the policy statement has gotten attention since watered down but I feel comfortable that we're addressing that issue.

The other part though, the delta-9, from hemp based biomass coming into the system and supplanting cannabis based biomass, is pretty, I think, almost existential for the market as we know it now. Now we have been instructed that it's not our business to determine what kind of market we have, whether there are winners and losers, but it is still the delta-9 from hemp biomass that is a really big deal for everybody who holds a Tier I or Tier II producer/processor license.

Chair Postman: Thank you for that. Kathy, are you going to kick us off for this section?

DELTA-8 UPDATE – REVIEWING RESPONSES IN OTHER STATES

Kathy Hoffman began sharing [HANDOUT 1](#).

Ms. Hoffman: Any questions so far?

Chair Postman: Was Michigan the only state that you've mentioned so far that they haven't, but could, just ban outright with the statutory authority they have already?

Ms. Hoffman: Well, no, I don't think they can with the statutory authority they have already. That's why this legislation would provide that. Does that make sense?

Chair Postman: It does. Sorry. I missed that. Thank you.

Ms. Hoffman continued sharing [HANDOUT 1](#).

Chair Postman: Great, thank you. Why don't we hear from Sara and then we can go to questions and discussion if there are any.

Sara Cooley Broschart: Hello everyone. Sara Cooley Broschart, Public Health Liaison. Great to see your faces. And thank you Kathy for putting all that together. It's a lot of work to sort through everything that's happening. So, I really appreciate that.

I just wanted to kind of remind everybody and I think most of you are aware about the “but why, why are we tracking this? Why is it important? Why is action [audio dropout]. Why is action on THC isomers other than delta-9 necessary in Washington State?” Again, from a public health perspective, it's impairing as we heard from the “deliberative dialogue” session a lot about the plant chemistry. It's not well studied, there's a lot of unknowns, but we do know that in terms of intoxication, it appears to have similar impairing and psychoactive effects as delta-9 THC. The WHO (World Health Organization) estimated that it's about 50 to 75% as potent. And also, to Board member Hauge's comment before we started this section, it's available. Delta-8 products include vapor cartridges, sodas, candies, and other food items that are being

sold online and alongside CBD products outside of our licensed retail cannabis stores, convenience stores, gas stations, and other shops across the country and in our state.

There's three specific areas of public health and safety concern that I wanted to remind or draw your attention to. The first being the youth and young adults under 21 have access. And again, this is outside of our licensed stores. But I already mentioned where it's at, there's no federal or state laws setting a minimum age. Also, the lower cost of these products because they're not subject to the excise tax makes them more attractive and accessible to youth, and anyone.

And then secondly, public safety is at risk. People may consume without understanding that they may be impaired or unable to operate machinery, their vehicle. And then again, the high visibility of these products in everyday spaces makes people think that they are less harmful. You know, they count on us. They know if it's in an LCB store, it's this certain type of product and these are outside of ours.

And then thirdly, consumer safety is at risk. There's no warning labels, despite being intoxicating, packaging and labeling and testing requirements are not there. Consumers may be exposed to additional harmful chemicals, by-products, or foreign contaminants. There are several reported cases from poison centers nationally.

So, as Kathy pointed out, this is not unique to Washington. In fact, though, we are currently working at LCB to address THC isomers other than "D8" inside our licensed retail cannabis stores and doing a really strong job of that. In fact, we are behind other states due to our short legislative session and kind of addressing the outside of LCB aspects. And again, recognizing that that is not currently where authority lay but you know, the responsibility of us in Washington State up to you to decide as Board members as kind of the knowledge holders on these products. So again, just from a public health and safety perspective, following the leads of other states, seeking to regulate any impairing and intoxicating product is the strongest course of action from a public health perspective.

Lastly, I'd like to acknowledge the ongoing collaboration of our consultant and public health expert Gillian Schauer on this issue. She's been paired up to me, Kathy and others, and she's not here today, but I wanted to convey that she's open to meeting with any Board member individually to share further insights, as of course I am.

Chair Postman: Great. Thank you, Sara. Appreciate that. Let's pause and see, Board questions, Russ or Ollie? I'm hearing none. Sara, quick question. From what you heard from Kathy's presentation, what you know about what's going on in the country, is there a preferred public health approach to this that you think has emerged at that point? Or is it too soon to even know what's the right approach?

Ms. Broschart: I mean, I think from what Kathy has conveyed and the complexities therein, every state is just in such a different situation, given what is already stated in our legislation and our rules and what we need to change. But I do think from a public health perspective, really bringing the regulation of any impairing and intoxicating product under the purview of one single state agency makes the most sense. It's the simplest to deal with for licensees and community. Again, it's a big job, but I think that's really probably going forward, going to get us ahead of these issues as they continue. Complexities in defining impairing and intoxicating, I recognize all the complexities therein. But as a measure, that's really the strongest one.

Chair Postman: Okay. Kathy, anything to add on that?

Ms. Hoffman: I don't. Just thanks for the follow-up Sara. It helps us scope the issue for sure.

Chair Postman: Thanks, Kathy. Anything at all to add on delta-8 today?

Ms. Hoffman: No, I think that's it. Thanks for your time today. And, sorry about the giant table, but there's a lot of stuff.

Chair Postman: No, no, I was glad to see it. The only question is, is there a way we can have that table available if people in the public want to see the work you've done there? Because I do think it's valuable. And of course, it's only a point in time. A lot of these are our living organisms right now. But I think if we can figure out a way with Brian, that if people have a request for that information, we could get it to them quickly, because I think it's useful.

Ms. Hoffman: Yes, and another thing we can do is put it on our rules website where we put other information up. We can put it right underneath the recording of the "deliberative dialogue".

Chair Postman: Terrific. Okay. Thank you. Appreciate that.

That is the last item we had on the agenda. Anything from the Board to finish? Final thoughts here today from either? Hearing none, we will adjourn the Executive Management Team for today. Thank you all, particularly thanks to the Executive Management Team for giving the presentations. We really appreciate that work. We'll all see you at the next one. Thank you.

Meeting adjourned at 2:36pm.

Minutes approved this 11th day of August, 2021



David Postman
Board Chair



Ollie Garrett
Board Member



Russ Hauge
Board Member

Minutes Prepared by: Dustin Dickson, Executive Assistant