



## Executive Management Team Meeting

Wednesday, October 13, 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  
Toni Hood, Deputy Director  
Chandra Brady, Director of Enforcement and Education  
Brian Smith, Communications Director (*excused*)  
Becky Smith, Licensing & Regulation Director (*excused*)  
Chris Thompson, Director of Legislative Relations  
Gretchen Frost, Special Assistant to the Director  
Dustin Dickson, Executive Assistant to the Board

#### GUESTS

Jim Morgan, Chief Financial Officer  
Justin Nordhorn, Policy and External Affairs  
Director  
Kathy Hoffman, Policy and Rules Manager

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#### APPROVAL OF MEETING MINUTES

Chair Postman informed that the consideration of the September 8, 2021, EMT meeting minutes would be postponed until a later date.

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#### TRACEABILITY UPDATE – JIM

Jim Morgan: Good afternoon, I'm glad to be able to provide this update on the CCRS (Cannabis Central Reporting System) project. The project is going very well; it is going absolutely according to plan.

The status right now is the development work on the system has been completed. Our initial internal testing has also been completed. And for external work, the first phase of external testing has been completed. We conducted a one-week pilot with a select group of six integrators, three licensees, and two labs. These were all people that were selected for their interest and their engagement, and they were all very engaged in testing and helped us find a number of things that we needed to fix. Fortunately, none of them were serious problems or showstoppers, and they have all been resolved. At the beginning of last week, we opened up testing to all stakeholders, all licensees, integrators, and labs, and that process is ongoing. There were a few more issues that were discovered through that process, and they have also been resolved. So, as of right now, we have no outstanding issues that we're aware of with the system.

So, to get the project rolling and to get our stakeholders engaged, we began at the beginning of September and held a general webinar that was open to everyone. It was more of an overview of the project, where we're going, what people should expect. We had very good participation, in that several hundred people joined that webinar. It's also been posted to our website, so others are able to go back and view that. In addition to that, at the beginning of our external testing period, we conducted a technical webinar that went over the technical aspects of the project and informed people of where they can find project resources such as the FAQs, step-by-step user guides, file templates for their uploads, and a lot of other technical things that I won't go into because I don't know, I'm not the technical guy. But that was well received, and there was good participation there, as well.

In addition to that, we've had several targeted communications to keep our stakeholders informed of what's happening and what to expect, and those will be continuing throughout the project. We are still on track and on our schedule for a mid-December go-live date. I have had some concerns and questions from interested licensees, integrators, and such, and one of the common themes has been concern about the schedule. Now, with the status of the application as it is right now, we're very confident that things are going to work, and licensees should be able to make that transition without a lot of trouble, particularly since one of the primary focuses of this whole system is that we're getting out of their way.

With the current Leaf Data System, it's possible for issues with that system to cause business disruptions. Certain transactions have to flow through our system. Certain processes need to be conducted for business to take place. We're getting all the way out of their way. And this is reporting only tells us what you have, where it is, and what you've done with it. When product moves, we need them to tell us that. We need them to tell us what they have and what they've done with it. So, that's been very well received, but it's also part of the nature of one of the concerns that we've heard, and that is how product will be moving, facilitating the movement of product from one licensee to another. Right now, those transactions flow through Leaf and inventory comes out of one licensee's set up in Leaf, and it gets added to the receiving licensee's set up in an automated transaction. Now, they will have to find different ways to do that. And we're really just putting them on a level playing field with all of our other licensees. We don't get in the middle of transaction flows for liquor licensees or tobacco licensees. All of that happens in the industry, and they find ways to facilitate that. We have heard some concerns that that's going to be a burden on some folks figuring that out, but the concerns have been fairly limited, and at this point, we haven't heard that that's a widespread concern. So, we're keeping our finger on that pulse, and we want to avoid any significant disruption of the industry, but at the same time, our goal is not to make it absolutely -- we're not in a position to make it pain free for them, no. It is a transition, and we want to set them up for success as much as possible, but there will be some inconvenience as opposed to a few years ago when we made our transition to Leaf.

Just the very nature of the system that we're moving to, it really makes it so that those kinds of disruptions are no longer going to be possible. The worst-case scenario is if our system is not functional on day one. They continue to do business, and we're just not going to be receiving their files. That's not a likely proposition. Things are going very well, and we expect things to transition quite well. But just our ability to cause problems for the industry is really one of the things that we're addressing with this system.

So, in a nutshell, things are going according to plan, no showstopper problems, and we're continuing to monitor the situation with the industry. Any questions that I can answer for you?

Chair Postman: I've got one while I wait to see if other Board members do as well. Can you give us an example of one of the types of things that testing showed needed to be fixed and that we were able to fix either in that initial one or in the later widespread testing?

Mr. Morgan: Yes. They were all pretty minor things, and a lot of it was just getting things right in the file format so they would be able to be uploaded into our database. There were a few incidences where when something happened, either it was not the right message that got sent back to them, or no message got sent back. So, pretty minor things really related to just fine-tuning collecting the data and how we communicate back to the licensees.

Chair Postman: Yeah, okay. That's great. Any other questions from Board members for Jim?

Member Garrett: I have no questions.

Member Hauge: No questions.

Chair Postman: Okay. There are none. And then this morning at the Board meeting, I did make a pitch for people to engage for the additional testing that's going on, so I guess we should just do it again. But they can find that information on the website and, at this point, it's wide open. Any licensee, lab, or third-party integrator can participate. Correct?

Mr. Morgan: Correct. And the widespread testing is going a bit slower than I would like. But at the same time, we've had enough testing, particularly, from integrators. That's where most of our files are going to come from. And by integrators, like a third-party inventory or point of sale systems that our licensees used, their software providers are creating the interface into our system on their behalf. And we have had a couple of the major players in the industry already doing testing. So, I think we have exercised the system well enough to fair it out any big problems, and then as new folks come in that may not have done any testing, we'll have lots of support for them to be able to get up and running quickly.

Chair Postman: Okay, great. Well, I appreciate you saying we can't make it completely painless. There are always some bumps, but we all obviously would rather have those bumps now. So, really people should engage in this testing process, and help us figure out where those pinch points might be before it goes live.

Mr. Morgan: Yes, and we appreciated the pitch at the Board meeting.

Chair Postman: Okay, great. Okay. Well, thanks. I'm glad to hear it's on time and moving the right way. So, we'll hear from you next time, too.

Mr. Morgan: All right. I look forward to it.

Chair Postman: Okay. Next, we're going to have a Policy and Rules update. This is a little different than our normal agenda, but we've asked Justin Nordhorn, the Policy and External Affairs Director, and Kathy Hoffman, the Policy and Rules Manager to come and give us a broad update on everything that's going on in their shop. I will turn it over to the two of you.

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## **POLICY AND RULES UPDATE – JUSTIN AND KATHY**

Justin Nordhorn: All right. Thank you, Chair Postman and members of the Board. We're just going to tag-team this at the high level. We're not going to go into all the details like you would hear sometimes in the Board meetings. So, I'm going to let Kathy kick it off, and then I'm going to follow up with some of the other details and overarching goals that we're trying to accomplish.

Chair Postman: Great.

Kathy Hoffman gave a policy and rules presentation ([PRESENTATION 1](#)).

Mr. Nordhorn: Thank you, Kathy. That was really helpful on the presentation. I think that trying to get that out in front of everybody so folks can understand how we're approaching the policy work group, and that think tank type of approach is really critical. We're still trying to develop some of that. But in our internal workgroups, we don't always need to have a decision at the end of every meeting. We really need to explore -- What are the impacts? What are those outreaching areas? These types of things. So, when we're looking at some of the discussions, part of what we're trying to do is explore ideas with the industry as well. So, if they have something that they would like to bring up to us, that we are available for that. And it's not that we're going to agree or disagree. We're going to try to be that neutral party that's going to listen to the ideas, try to assess what impacts would that be and, as Kathy mentioned, we're trying to look at the external reviews for those requests for interpretive policy statements.

We did get one external submission recently, and we're working through the first part of it. And I think what's really critical in those areas is, we have to assess whether it's an interpretive statement and how we're going to come out and provide the consistency across the state. Or if it's going to be a policy statement, which is kind of forecasting this is where the Board stands with this, and you can expect some sort of rule development further. Or if it's really a rule change that's needed or, of course, if it's legislative change. So, we're that resource to be able to explore all those types of ideas and provide that input and guidance on where this could best fit in if we're going down that road.

So, when we're looking at some of the differentiations, I wanted to touch on in the interpretive statements. Some folks are like, "Hey, we didn't get any input." The interpretive statement is really the agency's position on how we read and review that law and how we believe that it is applied. And so, that's really the agency's position on that. Whereas a policy statement that may be impacting others, we're going to get me more stakeholder feedback in those particular areas. And so, that's really kind of a critical piece that we're trying to address as we're moving forward. So, as you know, there are a number of rules that are under development right now, and I won't go into all the details that you get in the Board meetings and caucus, but we have some really major projects that are going on, and these aren't small lists right now.

First, of course, the THC evaluation that's going on, which is coupled with all the work around the potential agency request legislation associated with that, there are a number of moving parts in that particular area. We also have the quality control testing rules that we've been working on, and we got those revived this past Spring. Very complicated area, trying to move forward in getting those to the finish line, and we're doing some really good work on that. We have a "listen and learn" coming up in a few weeks. And so, we're really excited that we're going to get that feedback and hopefully be able to present something to you, the Board, in December, and so more to come on that.

On the alcohol side, of course, we've got the 1480 rule set for implementation. And we're looking at how that's being applied also in other areas because we do see some licensees that are trying to adopt some of those provisions that aren't necessarily called out in the legislation. And so, trying to help folks understand and present that continuity and consistency going through the program. We also have a number of issues that are kind of in the background and on our forefront, so what we're projecting, and I'm sure the Board is aware of the adjudications, requests from staff and the Board on how we can handle electronic filings to try to move away from paper issues. That's going to impact multiple divisions, and it's going to also impact licensees. So, that's on the immediate forefront that we're looking at and trying to schedule.

We're also looking at a very large project. And we'll have to break it down into chunks because this is going to take several years, I think, for us to go through the full vetting of WAC 314. But we really want to reorganize and structure that, which is going to include cleaning up some of the rules that read "What is...?" I'm trying to take them out of the question type of format. Also, we want to group things appropriately together, which is also going to lead into other areas of some modifications, some rule repeals, and those types of things. And so, we're trying to strategize how best to move forward in some of those particular areas.

And then on the cannabis side, we anticipate in the near future -- we're not sure exactly when yet, and we're trying to see where some of the chips fall -- but some packaging and labeling issues continue to arise that need some additional clarification. And in all of this background work -- and folks may not know -- but we're bringing on a couple new rules coordinators. And so, we're backfilling Audrey's position because of her leave that's coming up. And so, there's a lot of learning going on within the work unit that's not real sizeable. So, there's some work that's being done, and some of these projects are really large and complicated.

So, as we're getting these types of rule requests, whether it's internally or externally from folks, we're trying to put together a prioritization matrix that can be visible, especially to the divisions -- "Okay, I've got this idea. Where does it sit? Where is it on the priority list?" And then we're going to be creating a kind of a matrix similar to what IT has used in the past that will really score some of these. So, we recognize that there could be a potential rule need for a fairly low impact rule, but it's mandatory. It may come from the legislature saying you have to create rules by a certain date. And so that, obviously, is going to rise to the top. And that may not seem as important to a number of folks, but because of the mandates and statute, we have to comply with that. Or we may have an emergency such as the Governor's Proclamation and the like. So, as we're looking at those, of course, those are going to rise to the top.

But the other areas where we're getting the requests and we want to prioritize it -- we're going to be looking at what are risk impacts? How far outreaching is this? Is it impacting multiple divisions from an internal standpoint or one particular area? Does it impact a breadth of licensees, or is this just an isolated area? And just because it might be a small group of licensees that are asking for something, there may not be that many licensees within that group. So, it may actually be a predominant representation in the industry; however, overall, it seems fairly small. We're trying to create a matrix that's going to assess all of those things and then also have an underlying theme of how we're tying it into the strategic plan so we can make sure that we're keeping on track with the priorities of the Board and prioritizing these rule packages as we move forward.

And with the rule packages, there is certainly a lot of research that's going on in the background from all of the staff members trying to get up to speed, not only from the divisions but from the stakeholders and the science that are out there, particularly in cannabis. And so all that kind of background work comes into play when we're assessing where we're going with some of these rule sets. I think it's really important for people to recognize the complexity of some of these areas. And we're certainly wanting to have that outreach component with the industry, and so if they have ideas -- we've been getting some calls lately from some stakeholders and attorneys saying, "Hey, what do you think about this? Does this fit in there? We're hearing different things. We believe it says this."

And so, we can really have some robust conversations and exploratory conversations without saying your clients have to do x or y. It's just, let's learn from one another and where we're going to move this forward. So, that's kind of the dynamics.

And so, on the backend of all of this, one of the things that we're still developing on how we want to bring forward, are the metrics of our successes. And you saw a little bit of it from Kathy, but we want to be able to come out and say, "Okay, what are the results that we're looking for? And how do we assess the results?" Whether it's quality or timely cost issues, we're going to be taking a look at the whole package and say, "Okay, how do we want to highlight the results of the work in it?" and the way it can be showcased. We're going to be trying to bring that into the agency annual report this year, and so we're going to try to have a component in that and be able to highlight to a number of folks this is what the rules and policy program is about and trying to create that broader understanding.

Kathy and her team have done really good in capturing the decisions on what we're doing and where we're going. And it's kind of a change within our organizations because a lot of people are like, "Oh, my gosh! These documents are really long," and trying to get through them, and they can be very technical. But what we're trying to also do is, 10 years down the road when other staff are in these positions and they look back and say, "How did you come up with this decision?" We have it documented in a very broad and in-depth manner, and they can say, "Okay, that's where this came from."

And for anybody who has even looked through some of the legislative intent notes, you're always, "Well, you're piecing stuff together." So, we're really trying to broaden that scope, as well, and that's kind of where the rules team is. So, I'm happy to answer any questions from the Board on whether the current rules -- I didn't really want to get into all the details of that because you've heard it a number of times before but more around the program that we're developing here.

Chair Postman: Yes, okay. Questions from the Board for Justin or Kathy? Seeing none. Okay. I have a couple, of course. Is it correct that the bulk or the majority of the rulemaking that the agency does is legislatively mandated? Or how big of a piece is that versus something that might come up through the agency or by a petition?

Mr. Nordhorn: Well, as far as the mandatory rulemaking, that's where it comes from in that particular vein, and year by year it's going to adjust, and sometimes there are going to be smaller rule packages than others. I would actually say there is a number of rules over the years -- not necessarily this past year -- but over the years there are actually a lot of internal requests that say, "Hey, we really need to look at that." And it could be coming from staff, from the division. It could be input from the AGs office -- Can we look at this? Can we explore this? Can we clean this up? Those types of things. So, I would say, overall, the bulk is actually from outside of the legislative process. However, we need to be mindful of that legislation.

And one of the things that we always ask when these ideas come up, especially when somebody says, "Hey, I want to run a bill." Whether it's an industry person or internally, we say, "Okay, can this be done by rule?" and we look at that. And so, sometimes that's where those rule generations come from is that assessment. Does it need to go through the legislative process? Or is that something within our scope already that we can address? And so, a lot of it comes from that type of approach.

Chair Postman: Thank you. And then as we know with delta-8 and delta-9, it may likely take both approaches, rulemaking and legislation, which when that legislation comes back, there will be more rulemaking for you. Right?

Mr. Nordhorn: Yes. Absolutely.

Chair Postman: It doesn't avoid the rulemaking piece; it just gives us some expansion of our authority and statute to do that.

Ms. Hoffman: Yes. And I wanted to say, I think when we're trying to strategize when we're opening up a new project, we want to be really careful about doing that right before the legislative session. Because we need to be acute, we need to have rules coordinators ready to go. If a bill passes that we need to act on immediately, we need to have the capacity to be able to do that. So, this is one of the reasons the strategic -- the tool that we're putting together -- that we do have a draft form to make an assessment of where a particular project might fall, and the prioritization of our work is going to be really helpful. And there are times when legislation passes, and we just happen to have a rule petition that sort of aligns with what that legislation says, there's a way we can work that rule petition in. That happened right after I came to LCB with packaging and labeling. So, that's a scenario where we can really kind of tackle two things at the same time.

Chair Postman: Okay. And I think the Agency Policy Workgroup -- that weekly meeting, and I've shared this with the team's help -- but is, I think, really valuable and not usual in a lot of ways. And part of what Justin was saying, that you don't get there just to make a decision that day but to have the discussion. And that's the place where -- for people who think we all think alike inside the agency. We don't. There are debates and discussions, and I hope it's valuable for the actual rulemaking process. I know it's valuable for, at least me, around the table to understand more about what's at stake and what are the tradeoffs on those things. And the memos can be long. I think Justin was channeling me when he said that. But I think they're written in a way that they are understandable, and it has that valuable information, even in today's world, much less 10 years down the line, about "here's where this came from." So, I find that process really helpful.

Ms. Hoffman: And we are trying to memorialize our agency's thinking at that moment in time. So, I think as Justin noticed and said, 10 years from now the agency can look back on those documents and look at the research we were looking at and kind of understand our thinking because we have done a very thorough analysis on it.

Chair Postman: And, to be just a little parochial, I was glad to hear mention of the adjudication staff's request on electronic communications. So, Tinaya and Marie will be very happy to hear that that's on the radar. Thank you, both, for the overview. We really appreciate it.

Ms. Hoffman: Thank you for the opportunity.

Chair Postman: All right. Next on our agenda is a legislative update from Legislative Director, Chris Thompson. Chris.

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## **LEGISLATIVE UPDATE – CHRIS**

Chris Thompson: Good afternoon, Mr. Chairman, Board members, assembled colleagues. I wanted to touch on three items this afternoon.

First of all, the agency request legislation that we are working on. So, there are two potential agency request bills that we're working on. The first one I'll mention is an effort that would be jointly requested by LCB and the State Department of Agriculture. Those would be the two agencies formally requesting this bill. But the Department of Health and the Department of Ecology are also partners in this larger effort, which is to kind of upgrade the system for testing labs in the state for the cannabis industry. We did submit a package on this, including a budget request because the LCB, the Department of Agriculture, and the Department of Health all would need additional staff and, thus, funding to implement the new approach that's envisioned for building out this testing lab system.

To review quickly, the concept is that the LCB, the Department of Agriculture, and the Department of Health would work together on a cooperative team to develop the substance of the testing lab requirements that we need met in the system. That team would be led by the Department of Agriculture with us included as partners. Formerly, the bill would be requested by the Department of Agriculture and LCB. However, Ecology had some concerns about the initial draft that was submitted. So, we got together the four agencies and talked about some revisions. Those changes that were requested by the Department of Ecology were agreed to by LCB, the Department of Health, and the Department of Agriculture. A new draft was assembled, and we have that now, and so that project is sort of on track at that stage.

And with the changes requested by Ecology, their position on the bill would move from concerns to support. That's good news with the four agencies marching arm-in-arm together in support of this more robust effort that would go to the legislature. The Department of Ecology may want some additional statutory changes down the line, but that won't be on the table for discussion in the 2022 session. So, that's the first bill.

The second bill has been alluded to already. It's an effort to authorize the state and the LCB to regulate cannabinoids that we believe need to be regulated and to essentially equip and position the agency to be ready with the necessary tools as new trends emerge in the industry, as a very dynamic and creative industry. It comes up with new things that none of us know about right now and might be news to policymakers and to current statutes. So, to position us to be ready to act if necessary in the future beyond our level of knowledge right now, some regulatory changes need to be made. This is very difficult work. It's very technical. It's very complex. There are very strong interests involved, and we've been working with stakeholders. We've connected with more than 250. We've heard directly to some degree from at least 45. The count is going up by the day including today. So, we continue to get more input from stakeholders.

We have met recently with the Cannabis Alliance. We met yesterday with the Hemp Association. We expect to hear more from WACA (Washington Cannabisbusiness Association) and the Public Health Association and other stakeholders. And as we hear from stakeholders and analyze those suggestions or concerns, we're having internal discussions trying to figure out where we want the agency to be in putting forward a proposal. So, this is going to take a little bit more time. We just had another meeting this morning on this internally to look at these issues. We'll be getting together again next week. Every day, as I said, we're getting more input and advice from stakeholders. So that's a very much in progress influx effort. And we will have to come back to agency leadership and Board members in the future with a little bit more specific take on what we're thinking and appropriate direction would be for this legislation.

I'm also trying to keep the Governor's staff abreast of generally where things are, and so they're aware of the discussions and the state of how definitively those are progressing. So, that's the other potential agency request bill.

And I also wanted to mention for your information, we're working together on a presentation to the House Commerce and Gaming Committee. They have asked us for our presentation on the 21st of this month, and several topics they would like us to address. They want to hear about this last topic I have sort of been discussing. What's happening with industry trends with cannabinoids and other compounds that are arising and how that impacts or relates to the regulatory environment. We will not be able to share details of legislation, but we may be able to discuss with the committee the nature of the problem or issue and then some of our thinking about approaches that might be advisable there.

The committee also is interested in hearing an update on implementation of the Enforcement Reform legislation from 2019 that was passed. The Senate Bill 5318 made a number of changes in the enforcement



processes and operations. So, they want to hear how that's going. They want to hear what are sort of current trends and data that we have, and what's going on with enforcement, and what do we see in terms of compliance -- that sort of thing. They're also interested in hearing about what is going on with lab testing and accreditation. So, as with the cannabinoid regulatory issue, there's a lot we can say there, even if we can't give them -- here's a copy of the bill we want to ask for -- because that's still under review. And then finally, they are also interested, and they're saying they want to hear about the traceability system.

So, we've shared a little bit of that information. We've provided links to webinars on this to legislative staff and to members and so far haven't heard anything back about that. But we'll address this topic with the committee. Brian has been helping us coordinate across agency divisions to assemble all this information. And in the next few days, we'll be seeing where we are on that and pushing toward finalizing that presentation.

Finally, the last thing I was going to mention, the agency request bill last cycle that was passed in the house for alcohol licensees coming out of the pandemic. That bill included a study, and that study was funded at \$150,000 by the state. We just completed a process where a contractor was selected. That contract for the study has been executed. I was really pleased to see we had five submittals. We had at least a few quite strong ones. And the chosen contractor, I think, has got a fantastic reputation and background and will be a really valuable partner in looking at the issues that study is supposed to address. What have been the impacts of these privileges both with regard to within the industry, as well as external or potentially adverse impacts even from a public health prevention perspective or substance treatment and recovery and so forth? So, they have a really strong background.

We had a cross-divisional team involved in the RFP (request for proposal) and receiving the bids and evaluating the contractor proposals and making the selection. Justin did a lot of work on this. Sara Cooley Broschart did a lot of work on this, as well, and we have about a couple of weeks before we think the work will start. It doesn't have to be under the statute until January, but it never hurts to give yourself a little bit of extra time. Right? So, I think, in addition, it will be important to bring into that work our new public health education liaison, as well, so looking forward to that. So, that really important study is almost ready to get launched in the next couple of weeks. That is what I wanted to share. If there are questions, I will see if I can answer them.

Chair Postman: Great. While I wait to see if there are other questions, I would just say I'm glad you mentioned coming back to the leadership of the Board on draft legislation. Let's just make sure we build that into whatever timeline, so the full Board can be briefed before that is public. Otherwise, shared at a caucus probably would be great. And I think that was all I had, and I don't see any other questions for you now. So, thank you, Chris, for that report.

Mr. Thompson: All right. Thank you.

Chair Postman: And now we'll move to Enforcement and Education from Director Chandra Brady. Took me a second there. Sorry.

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

Chandra Brady: I was ready to rescue you.

Chair Postman: And your name is right in front of me, but still it took a second. So anyhow, thank you, Director Brady. Go ahead.

Chandra Brady gave an Enforcement and Education presentation ([PRESENTATION 2](#)).

Chair Postman: That is great. Thank you. I always like seeing those stats from meeting to meeting. I don't have any questions, so let's see if anybody else does. I don't see any others. So, we'll let you go at this time. Thanks, Chandra.

Ms. Brady: Thank you.

Chair Postman: And we'll move to general agency update with Toni Hood, our Deputy Director. Toni.

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### **GENERAL AGENCY UPDATE – TONI**

Toni Hood: Good afternoon. I'm going to start today with an update on where we are with the Governor's mandate that employees be vaccinated. We currently have 341 employees, and of that number, we have 21 employees that were provided an accommodation. So, that means that they submitted a request for a waiver, and then they received an accommodation. Twenty of those accommodations are telework 100%, and then the other one is an extended leave related to a medical issue. We have six staff members who received accommodation. They were to be reassigned to a different job so that they could also telework 100%. So, let me back up for a moment. The first 20 that were accommodated, they kept the same job. So, they kept the same job but were allowed to telework. The six that I just talked about took a reassignment as their accommodations. So, they continued to be employed but aren't in their same job. Three of those are non-permanent and three are permanent positions.

We have two people who are in the process of completing their vaccination status, and they have an extension under the MOUs (Memorandum of Understanding) that were done with the unions. So, we have six or seven people who will separate because no accommodation was available. And I say six or seven because this is still a fluid number. We still have a few days before the 18th. We're talking close of business on Monday before the actual cutoff. So, some of these numbers can change depending on what the staff member decides to do because, as we know, many of the unions reached agreements through MOUs to get extensions if the employee starts the vaccination process. Then they are allowed to either take paid leave or leave without pay, depending on who represents them, what organization. We had one employee resign voluntarily in addition to those six or seven. We will keep you updated, and we plan to give Director Garza a final update next Wednesday regarding where we end up. Any questions about that?

Chair Postman: I mean anytime you lose people in an agency, it's hard, but if it is six or seven, that's a lot fewer than we thought it might be. It seems like we're moving in the right direction. And I think you were just saying this when you talked about people being able to use leave, there is, in essence, a grace period there. If we hit that deadline, somebody isn't fully vaccinated, they potentially could use leave until they are vaccinated and come back and go through that process with us. Right?

Ms. Hood: Yes. It depends on which union they are in whether they take leave without pay or they actually use their accrued leave. And so, they look at the specific situation and then address it per the MOU.

Chair Postman: Good. Just for everyone who might be listening at the LCB, there is the opportunity to think about it again. And we, of course, want to lose as few people as possible around this. So, I appreciate the

work you have been doing to get those numbers where they are and communicate with employees about what's happening. It's a tough time, but I think it's going well. Thank you for that.

Ms. Hood: Thank you. Our HR Department has done a great job trying to explain this situation and trying to give all the information possible to our staff members. And I'm also very proud of the fact that we were able to reassign six people to other vacancies, which took a lot of work. It took a lot of work to find the right skill set to go with the vacant position.

Chair Postman: Right. And a lot of this, as you said, will remain fluid. We have people on a sort of temporary accommodation that we have the chance to review to see how that's going. We don't know what's going to happen. So, this is very much alive and will continue to be, and just hope people continue to pay attention but also communicate with us about what they're seeing and hearing and feeling out there in the agency.

Ms. Hood: Yes. That's a very good point, Chair. We do review the accommodations every 60 days.

Chair Postman: Good. Okay, great. Thank you for that. Anything more?

Toni Hood: Yes. I just wanted to let you know that the statewide LEAN Conference starts at the end of October. It goes for a week and a half. It's 100% virtual, and we have 65 employees signed up for at least one session now. And so, we will see what that ends up at, but we're happy that it's virtual so people can just partake in it an hour or two if that fits their schedule and their workloads. As you know, I believe, we still have the majority of the staff teleworking. In November, we will get the group back together and the band back together to revisit the reentry plan. By then everyone will be fully vaccinated, and so we'll be able to assess the situation then.

We are continuing fundraising with CFD. We have a great basket auction next week for anyone whose listening who might want to bid. It's kind of fun.

And, our management team continues to work on strategic planning.

And the last thing I was going to mention is kind of tangential to this, but I am currently on the Northwest Justice Board, and we are hiring a racial equity consultant to do some training of our Board. And I just wanted to say I'm really excited about what I'm going to learn there, and I'm hoping I can bring back some nuggets of information that we might be able to apply in our setting. So, that's all I have. Thank you.

Chair Postman: That's good. Good. Thank you. I'll be interested to hear how that goes. I've learned a lot through those myself, I've got to say. Always more to learn, but it's good. So, great. Thank you, Toni.

Ms. Hood: Thank you.

Chair Postman: Next on the agenda is comments from the Director. Rick.

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## **DIRECTOR'S COMMENTS – RICK**

Rick Garza: Good afternoon. It's good to be with you all, Chairman and Board Members and staff. I will try not to be too redundant, David, because there has been a lot of information that has been shared by the directors and staff. And, again, I want to thank Anita in the HR team, that full vaccination mandate. It was several weeks ago we were at 52 and 42 that we weren't sure what was going to happen with respect to

those employees, and to get to six or seven, possibly even lower by next week. So, I think part of that is the work that Anita and her team did in HR, the work that our directors did in helping to find positions that we could help some of our -- because that happened mostly on the Enforcement side. Though they may have been given an exemption from full vaccination, we could not accommodate because of the work they do with the public. And so, every effort was made.

And I want to thank the other directors and staff for looking for positions to move our folks into who could not be accommodated. But, again, just the attitude and the way that HR and our division directors and supervisors and managers worked with our employees, we're having a very difficult time deciding what to do with respect to the mandate. So, I want to thank the staff for that.

Also, there was an update from Jim on CCRS. I want to also thank George Williams, our IT Director, for working with Jim and other staff in trying to figure out how we transition to another new system and appreciate the discussions that I heard earlier today.

Thirdly, it was a great opportunity for Justin and Kathy to share the work of the Agency Policy Workgroup and really appreciate their presentation. It takes us back to late February, early March of 2020 when the pandemic hit, and it really was where the first policy workgroup was formed when all of us that were impacted as far as divisions, not only with our employees but, obviously, with our licensees, had to figure out how to accommodate the many, many requests that came. And it really was at that point that the Agency Policy Workgroup was formed. Remember, that was one of the initial recommendations from Hillard Heintze, from our licensees, and even our own employees, Enforcement and Licensing throughout saying, you have to have a central place where you make decisions with respect to policy and rules. And frankly, all of that work comes ultimately to the Board for approval.

But oftentimes what we heard from our licensees and our own employees was the Board office is doing this over here, the Director's office is doing this over here. Enforcement and Licensing may not be talking to one another, and so decisions were not centralized with respect to policy, rules. And so, this was the opportunity with a group that we've had, and our Board Chair has always been part of those meetings as kind of the conduit and the liaison with our other Board members. But I think it's just gone so well. And you see how comprehensive the program is that Kathy and Justin have created. It wasn't that many years ago that people attacked our rules as arbitrary and capricious because in some instances we didn't have the kind of detailed comprehensive dialog not only within the agency with our licensees. That's something that we've heard in the last few years. It's a real credit to the work of the staff and the "listen and learns" that Kathy has, and just the direct communication that occurs.

You heard Chandra talk about the numbers with respect to Enforcement. Again, back to the Hillard Heintze report and what we heard from our own licensees and our own staff about how we needed to communicate more and educate more before AVNs were written. I don't have to go back to the past to the work that the Board did in reducing the penalties in half and also moving some of those out unless they were public health violations. And so, Chandra reminds us each month in the work that she provides to us how that whole effort has changed the ways I always thought it should have been and it has been for years, which is kind of a carrot and stick approach. We need to educate; we need to help in the cannabis base.

As you said, it's much more complicated and difficult, but I think I see the transition there with our Enforcement Division working closely with our licensees. All the work that Kathy did changing our rules and reduced back to that, all the work the Board did, and then the work that our enforcement officers are doing every day to work directly and educate our licensees. The only thing I'd say is, Chandra, thank you for putting that timer on. We're going to give that to Chris so that the next time we try to stay within our timeframes -- I'm

not good at it either, so I better get one, too. But anyway, I just wanted to commend the staff and then, obviously, make myself available for any questions you might have. Thank you, David.

Chair Postman: Great. Thanks. Ollie?

Member Garrett: No. I was just getting ready to throw it back at Rick on the timer thing.

Mr. Garza: We could all use it.

Member Garrett: But he owned it, so I'll leave it alone.

Chair Postman: He did. Okay. Yes, we'll all police ourselves. I think that's a good idea.

The only other thing -- Rick, you know, Chris mentioned some of those questions we're getting from the legislature and that they want to be briefed on a lot of things. Let's just make sure we have a conversation with the Board about whatever we are presenting. I'd like us to have a chance to be part of the conversation before anybody goes to brief the legislature. I'd just like to see what those presentations might look like if that's okay.

Mr. Garza: Yeah, I just asked Chris for it a few days ago, David, for my own, just for myself.

Chair Postman: Oh, okay. Yes.

Mr. Garza: And so, I know -- Chris, if you would -- I think Chris is here?

Chair Postman: Yes he is.

Mr. Garza: Let's make sure that information is shared with the Board.

Mr. Thompson: You bet.

Chair Postman: Because you know I am able to attend some of these meetings, but you can only have one Board member in a meeting at a time unless it's a public meeting, so we just always have to work that into our processes. So, appreciate that. Other than that, I didn't have any other questions. I don't see any others out there.

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## **ADDITIONAL TEAM UPDATES AND FINAL BOARD INQUIRIES**

I always just give a chance for any other team updates from anybody on staff that we skipped over. Or does anybody have anything to add? Hearing none. Okay.

Thanks to Rick, Toni, and their staff for all the presentations today. Thanks to my fellow Board members for being here, as well. We will have another one of these in two weeks, I believe. So, we will adjourn the executive management team meeting for Wednesday, October 13, 2021. Thank you, everybody.

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**FUTURE AGENDA ITEMS**

- Chris – Review draft legislation with Board, either individually or at a Caucus

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Meeting adjourned at 2:47pm.

Minutes approved this 10<sup>th</sup> day of November, 2021



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David Postman  
Board Chair

*Not Present*

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Ollie Garrett  
Board Member



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Russ Hauge  
Board Member

Minutes Prepared by: Dustin Dickson, Executive Assistant