



**Washington State Liquor and Cannabis Board
Alcohol Advisory Council (AAC) Meeting**

Wednesday, December 1, 2021, 1:30 pm to 3:30 pm

Special Note – This meeting was convened via web conference

Meeting Minutes

AAC Members Present

David Postman, WSLCB Board Chair
Ollie Garrett, WSLCB Board Member
Russ Hauge, WSLCB Board Member
Rick Garza, WSLCB Director
Association of WA Spirits & Wine Distributors: Andrea McNeely
Beer Institute: Jeff Gombosky
California Wine Institute: Sally Jefferson - Roland Thompson
Convenience Independent Contractors: Ted Yi (**Absent**)
Distilled Spirits Council of US (DISCUS): Adam Smith (**Absent**)
Family Wineries of Washington State: Paul Beveridge
First & Goal: Ed Goines
Korean American Grocers Association of WA (KAGRO): Sandra Englund (**Absent**)
Northwest Grocery Association: Holly Chisa
Tribe (Nooksack): Bob Kelly (**Absent**)
Tribe (Puyallup): David Bean (**Absent**)
WA Beer & Wine Wholesalers Association: Scott Hazlegrove
WA Brewers Guild: Annie McGrath
WA Distillers Guild: Mhairi Voelsgen
WA Food Industry Association: Cat Holm
WA Hospitality Association: Katie Doyle
WA Liquor Store Assoc: Brad Tower
WA Wine Institute: Josh McDonald

Chair Postman called the Alcohol Advisory Council (AAC) meeting of the Washington State Liquor and Cannabis Board to order at 1:30 pm on Wednesday, December 1, 2021.

Chair Postman: Members Russ Hauge and Ollie Garrett are here, as well, and you should be seeing them in a second. A few housekeeping things before we get started. We have a lot of people online and the meeting, like all of our public meetings, is being recorded. It is going to be posted on our website by the end of the day. Dustin will be giving some of you on the council permissions to use your camera and microphone, which just means you have the ability to turn them on and off as we go. So, everyone should be mindful of background images as well as noise. If you could keep your camera off until it is your time to talk, that would probably help. We think our platform is stable enough for all of us to be on camera when it is time for that open conversation.

If we get a little traffic jam, we may ask people to turn their cameras and mics off until it is their turn to speak. I guess I should have said that first. I think we can try to turn everybody's cameras on the council when we start the agenda. If you saw the agenda, and I hope you all did, we have a lot of things to cover. We have staff standing by to give us some brief updates, and then we have an opportunity, of course, for the AAC members to talk about their legislative plans and priorities. Then I am hoping we have some time toward the end of the meeting to talk about what we all think we should be doing in the future with the AAC and how we want to keep using this forum.

So, with that little housekeeping out of the way, we will start with the Alcohol Rule Projects and Status update with Kathy Hoffman, the Policy and Rules Manager, and Robert De Spain, our fairly new Policy and Rules Coordinator on the alcohol side. I will turn it over to you, Kathy.

Alcohol Rule Projects & Status Update-Kathy Hoffman, Robert DeSpain

Kathy Hoffman: Thank you very much, Chair Postman and good afternoon, everyone. Robert and I will provide a brief update on agency rulemaking on the alcohol side of the house. I want to introduce Robert to everyone today. As some of you may be aware, Audrey Vasek, our other Policy and Rules Coordinator for alcohol left for parental leave in October. Robert joined us in September, so that there could be seamless delivery of services to the agency and to all of you that are rulemaking and policymaking efforts on the alcohol side. So, just briefly, I will talk about two of the projects that moved forward since the last time we met, and those were implementation of 2020 legislation. That was substitute Senate Bill 5549 regarding distilleries. That particular project was completed in May of this year, and rules went into effect on June 12th of this year.

The other project that moved forward since the last time we met was distillery reporting and payment rules. Those were adopted by the Board in June of 2021 and went into effect in July. That particular project was to align with the court decision in the Blue Spirits case. Also, before I pass it over to Robert for an update on current rulemaking projects, I just wanted to thank everyone for your participation in the listen-and-learn sessions that we have offered on the alcohol rulemaking. They have been very successful. From our perspective, attendance increases with every listen-and-learn session, and we are hearing good things at Board meetings. We are happy with the results and hope that you are, as well.

I think for us on the horizon, for the coming year, of course, there is always legislative implementation that happens. So, we are always in the queue for that. I think we are going to be moving into some real cleanup in the coming year. We have accumulated quite a list of requests from people. We see that there are areas enrolled that need to be aligned, amended, so on and so forth. So, I think that is a project that we will be taking on a little bit later on into next year. So, with that, I will hand it over to Mr. DeSpain to provide you with rules update on our two current rules in progress.

Robert DeSpain: Thank you, Kathy. As she said, my name is Robert DeSpain, Policy and Rules Coordinator with the LCB. We are currently working on two larger rule projects. The first is nearing its end, House Bill 1480 related to COVID-19 Alcohol Allowances. If approved by the Board, the CR-103 package will be filed on December 8, and the effective date of the rules would be 31 days later, so January 8, 2022. There have been no substantive changes to the rules from the CR-102 package to the current package that upon approval will be filed. I think that has a lot to do in part with the listen-and-learn sessions that Kathy mentioned. I think both of them had attendance of well over 55 people. There is a lot of stakeholder input from that, and the rules project team really did utilize that and try to work on the rules from there. So, we have had no substantive changes since the CR-102. If adopted, the final rules will have several components related to the following three broad categories. So, this is just brief:

Temporary rules creating endorsements for to-go alcohol sales, which is temporary through July 1, 2023.

Temporary rules for outdoor in alcohol service area, again through July 1, 2023.

Permanent rules updating food service menu requirements. The updates were meant to make it broader and be more expansive and more accepting of different types of foods for each license.

The other rule project regarding rules around axe throwing at liquor-licensed premises. We are currently in the pre-proposal statement of inquiry phase, which is a mouthful, but that is to say basically, that it is still very much in its infancy, so we don't have much to report on that yet as we are still kind of in the internal rule project stage right now. And that is it.

Chair Postman: Okay, great. Thank you, Robert. Anything else, Kathy?

Kathy Hoffman: That is it, Chair Postman. Thanks, very much.

Chair Postman: Okay, great. Thank you, both. We are really lucky to be able to get Robert to step in as he did, and he has been doing a great job. I hope you all have a chance to connect with him.

Moving on, we will get a Licensing and Regulation update from Becky Smith, the Director. Becky.

Licensing & Regulation Update – Becky Smith

Becky Smith: Good afternoon. I always have a hard time unmuting myself. Don't know why.

Chair Postman: We all do.

Becky Smith: Good afternoon, Chair Postman and Board members. Again, I am Becky Smith, the Director of Licensing and Regulations. A couple of things; Dustin, are you going to bring up my slides for me, please? There we go. Next slide.

Dustin: Yes, I was just waiting for your intro.

Becky Smith: Oh, sorry.

Dustin: No problem. Here we go.

Becky Smith: So, as the state reopens, we are seeing application numbers rebounding. That is a good thing for all of our licensees. We have received, though, a decrease in applications when the pandemic hit in 2020. It wasn't a surprise that we were going to see a decrease. Looking at 2021, which is still not over, and comparing it to the pre-pandemic numbers in 2019, we are currently seeing an 18% decrease in overall applications. The largest decrease was a 24% decrease in new license applications. So, what are those new license applications? They are restaurants. Unfortunately, we are seeing the biggest decrease in new restaurants applying for licensure.

Here is a comparison chart for applications received in 2019, 2020, and 2021. For liquor license applications, special occasions and, of course, alteration requests, across the board for 2020 we are seeing a slow decrease in the applications. For special occasion applications, we have seen it increase slightly this year as the state reopens. There was a small amount of special occasion licenses because there still remains the temporary allowances for those special occasion licensees to have online virtual auctions. So, as folks started to learn about the ability to do some virtual auctions, we started to see that increase happen. And, of course, alteration requests. There was a huge spike for staff in 2020 for the alterations, due to the number of licensees who were requesting outdoor service. It actually was a 200% increase for the number of applications that we received in that area.

Something that continues to be important for our investigators is our timeframes. We want to make sure that even though we are working remotely, we are still able to respond to our licensees and to our applicants. That hearing, of course, you see the liquor application special occasions and alteration requests for liquor applications in 2020 processing times have improved. The increased processing times for 2020 was due to allowing licensees to have a hold on processing their application, and that was because there was so much uncertainty happening. We wanted to make sure that we gave the license applicants more time to process their application and of course, there have also been delays for construction and permitting, as well. So, again, we have seen that time increase for special occasions. We saw slight improvement for 2020, and this was due to the limited number of applications that we were receiving. Less applications were able to process more quickly.

Alteration requests saw a significant reduction in processing time. I want to let folks know that was because we moved staff from different parts of the division in licensing to a part of the process that we needed to make sure that as applications were coming in for alterations for folks who have outdoor seating, we were able to respond quickly. What we didn't want to do is hold up our licensees from being able to do any type of outdoor service. On the outdoor service, the number of alteration requests increased. The unit received over 1500 requests, which was twice as many as the year prior. The majority, so 75%, of the applicants received were outside service to offer opportunities for licensees to be able to stay in business. Our division continues to work with local jurisdictions to provide flexibility for outside service areas. The requests coming in for outdoor service has not stopped. We are still continuing to work with the cities and continue to work with our licensees to figure out what the best way is to help everyone to be able to serve their customers.

So, I know that we heard Robert talk a little bit about 1480. But I wanted to make sure I just extended the information a bit more. It extended the privileges for liquor licensees in response to the impact of the pandemic. I want to thank all of the industry members who participated in rulemaking. We had a lot of folks sitting at the table, and it really made a difference to hear your voice when we are making changes. No matter how slight those changes are, we need to hear how things are working and what we need to change in the process. Since the bill passed, we are prepared to accept applications and update resources. Again, we have three new endorsements that were created for licensees free of charge, and they are valid through July of 2023.

The endorsements include curbside, takeout, cocktails and wine-to-go, growlers, and curbside delivery. This is increased flexibility in rules and Robert mentioned the food service requirement. It went from eight complete meals to four complete meals in outdoor service. So, it went from being requiring outdoor service to be contiguous to you to no longer have to have that contiguous to your building. You could actually be, as long as you are on the same parcel, you are able to open your outdoor service. As long as you are serving the same food inside that you would serve outside, they do not have to be right next to the building. Also, I wanted to mention that licensees will need to apply for one of these endorsements if they want to continue using the allowance of delivery and curbside.

We are prepared to start taking applications on December 2nd, even though you heard that the rules are not going to be quite in place. We have done this with other endorsements, and we will start accepting applications on December 2nd. We also want you to know that there is going to be additional information on our website. The website is going to go live tomorrow. So, if folks have questions on what do I need to apply for that -- that question is on "Who can I reach out to?" I hope you to feel free to reach out to our customer service. Go to our website. We are here to help you. As many of you know, Beth Lehman, is fantastic. Her staff have all been trained. All of our licensing staff have been trained, and we have also trained some of our enforcement staff, and we will continue to train our staff throughout the agency. So, thank you. And I think that is it for me for updates.

Chair Postman: Okay. Thank you, Becky. Good work. Chandra Brady, the Director of Enforcement and Education.

Enforcement and Education Update – Chandra Brady

Chandra Brady: Hello. Thank you, Chair Postman. How are you today?

Chair Postman: All good here.

Chandra Brady: Thanks for having me. I have some information to share with you. I am always willing to share whatever information you guys are interested in hearing, so I came prepared with some data to share. But if you are ever interested in hearing anything else or want to meet offline to talk about some of this, just let me know.

First up, liquor compliance checks, just how things have been going. We restarted these at the end of May, once we were able to do so safely for both industry members, the public, and staff. As you can see, our compliance rates have been between 75% and 81% since we restarted with the last checks in October, having a 79% compliance rate.

As you know, we have also started doing some delivery compliance checks. Lower numbers of those, so the compliance rate has a lot more variable in it and it is not as reliable and accurate. Just because you can see we have done 4, 19, and 16, as we work through good processes and procedures to make sure that we have our systems in place, too. You can see that those compliance rates have been a lot lower. Just to give you some real numbers on that, I pulled some just prior to the meeting, so I do not have a slide on it. But out of 39 compliance checks, we had 22 sales. And so you know because there has been some talk about this; in 18 of those situations we didn't even ask for ID. The driver did not even ask for ID. So, as you can imagine, we have better odds of knowing that somebody is under 21 if we check their ID. So, likely lots of training needs there. I also got some questions about that. Only two of those sales involved third-party delivery drivers. So, I pulled that down just before the meeting just to give you an update on how compliance checks are going.

I'd like to give you some general numbers about getting out in the field and being back in licensee establishments. We have had over 2100 premise checks for the liquor industry. Obviously, we are not hitting the goal of seeing 100% every two years because we have all been impacted by COVID. Right? But we are getting back out there and having contact with you guys and doing a lot of education, so we can be helpful.

Speaking of education, our educational contacts are staying about 600, sometimes closer to 700, sometimes closer to 500. But you can see that we are really making an effort to get out and chat with people. A lot of this, as you can see in higher and earlier in the year, has really just been talking to people so that they understand the COVID regulations and rules as they apply to each of the licensees. So, we can really help people be in compliance because that is what our goal is.

When we start looking at complaints and we pull out the numbers of COVID complaints, because there are a lot more of those, these are the ones related to other public safety issues of complaints that come from the public that are not related to COVID. You can see that those have ranged August - 36, September - 68, and then October - 58. When we start looking at the topic of complaints, you can see where those are coming from. These are the top five reasons why people are calling us about compliance issues. So, minors in the top five, over service in the top five, and then criminal or disorderly conduct of a licensee or employee, all up there in the top three. Those are the issues that we are seeing the most of when we look at what our complaints are for in the liquor industry.

That is everything that I brought for you today, unless you have questions for me. And like I said, I am always willing to share info.

Chair Postman: Great, thank you. I think we will hold questions until we get to the council member's time. If you can stick with us just in case if that comes up, appreciate that.

Chandra Brady: No problem. Thank you.

Chair Postman: Thank you. Jim Morgan, the Chief Financial Officer, is going to give us an SMP update. Good afternoon, Jim.

SMP Update – Jim Morgan

Jim Morgan: Thank you, Chair Postman.

As you all may be aware, the SMP project is our project to replace our aging licensing and enforcement systems. I was appointed the Interim Director, Interim Executive Sponsor of the project when Megan Duffy left the agency last spring. I continued to be the sponsor through the process of completing a new budget request so that we can continue the project. The sponsor role has recently transitioned to Toni Hood, who is our new Deputy Director. So, in the future, you will be hearing from her. In 2019, after working closely with the Department of Licensing, a number of LCB staff shadowed them and worked with them on their procurement for a new licensing system. Through that process, we learned quite a bit. We saw several different systems, and we made the decision to select Salesforce as the platform for our new system.

In addition to that, LCB procured the Salesforce system through a master contract, and then we conducted a competitive procurement for the integration services to implement that system. Through that process, Slalom was identified as the as the selected vendor. The initial phase of the project commenced in summer of 2020, with the first phase being the discovery phase. The purpose of this phase was to gain a complete understanding of what it would take to complete the project. Unfortunately, the result of the discovery phase was to find that substantial additional resources would be necessary to complete the project. This discovery was made after the budget requests were due for the 2123 biennium in the fall of 2020.

Through the winter, the agency continued to try to make progress with Slalom until the spring, when it was determined that our best path forward would be to suspend the project and make an additional funding request through the supplemental budget process. So, through the summer, that is what we focused all of our attention on, dedicated our resources to gathering the best information possible for that decision package that included internal evaluation of all of the project resources that would be necessary. We also conducted a request for information out to potential integrators to help us better inform the costs of those services. The result of that was a decision package that was submitted in September. The funding of that decision package will determine whether we are able to restart the project next year.

Our first indication of whether we will be moving forward will be if we are included in the Governor's Supplemental Budget in December. We won't know until the budget is released, but we are hopeful. An early positive sign is that the Office of the Chief Information Officer ranked our project very high and recommended to affirm that it be funded. So, we are keeping our fingers crossed there. The next steps after that would be through the legislative budget process and finally a final budget. So, we will have a ways to go to get the final word on that. We are laying the groundwork now to be able to move forward as quickly as possible after we start to get confirmation of funding. We are preparing an RFP for integrator services that we plan to release shortly after we find out if we are in the Governor's budget so that the procurement process will run while the session is in progress and while the final budget is worked out.

Our plan is to be prepared to restart the project with a new vendor on board as soon as possible after we get confirmation of final funding. This first phase will focus on licensing functions with enforcement to follow in the next biennium. So, that is what I have for you today.

Chair Postman: Thank you for the update. Appreciate that. And we all have our fingers crossed for that supplemental budget. We are ahead of schedule, which is great to see. We are going to leave lots of time for council members. Next step is Chris Thompson, Director of Legislative Relations. Chris.

Legislative Update – Chris Thompson

Chris Thompson: Good afternoon, Mr. Chairman and AAC members. Good to see you all. I will be quite brief. LCB has developed a couple of potential agencies request legislative proposals. They are pending at this point before OFM in the Governor's office under review. But they both relate to cannabis, so I don't need to take your

time with those. I will just let you know the topics are marijuana testing lab standards, and that is a joint request we would like to pursue with Department of Agriculture. Then in terms of the agency's regulatory authority in relation to cannabis, it turns out that state statutes in Washington and elsewhere and at the national level, generally, are only aware of and recognizing Delta-9 THC as the component that defines what is marijuana and, thus, subject to those laws and rules. And turns out there are intoxicating products out there that don't have any Delta-9 THC in them. So, that is a really big concern for our state and for our agency.

So, we are pursuing legislation that would address authority in that area. But it is not a concern for this audience, I am sure. This is a good occasion to say, I hope most or all of you know, but to remind everyone that we are available to you if you are interested in hearing any feedback or getting any input from us on your legislative proposals and your agenda. We do get those requests. We are happy to provide that service in advance of session or whenever to give you a read. Does your proposal look like it might involve a fiscal note? Or is it implementable the way you have structured it? We can provide that kind of technical assistance or feedback for you if you would like. We are available to provide that service if you are interested.

Let me share one more thing; the agency request legislation that has already come up from last cycle, 1480, is being implemented, as you know. And one of the pieces of work implementing that legislation is that we have issued an RFP for a contractor to do the study required under that bill. We have selected a contractor. That work has begun a little ahead of schedule and we are meeting regularly with the contractor. We will see a preliminary study plan at the end of this month, if not sooner, and we will be working with the contractor on, among other things, helping them figure out how to connect with stakeholders in our state, which is a part of that study. So, we have already started working on that and thought that might be of interest.

We want to make sure that a good diverse range of licensees are given the opportunity to have some detailed conversation with the consultants about the impact of this legislation for them and, as they understand it, for the industry and the economy. So, I will stop there. And just one more time to say to everybody, if you have legislative proposals you are working on and you think it might be helpful to get some feedback from us, just let us know. We have a meeting this Friday of our legislative team, and there are a couple of things that have come to us from stakeholders already that we are being asked to look at and provide some feedback on, and we are happy to do that. So, that is all I've got. Thank you, Mr. Chairman.

Chair Postman: Thank you, Chris. I am glad you mentioned that study, and I will just reinforce that. I think it is, obviously, very important for everyone to be engaged. We have interest from, licensees, public health, local governments, and we just encourage everybody to engage in that in whenever way possible. If Rick is ready, why don't we do the director's update now. Then we can use the rest of our time to hear from council members, and we can go right into the discussion about future meetings. They can ask their questions, and the rest of our time would be focused there, if that works for you. Sorry to put you on the spot, Rick.

Director's Comments – Rick Garza, Director

Rick Garza: Thank you, Chairman Postman. This is Rick Garza. Good to see you all. Hopefully, you had a wonderful Thanksgiving. We had an opportunity in our family to get together after two years. So, I hope you all had a great time.

I want to just talk at an agency level, and I will be brief, because I am interested in knowing at the close, if you have seen any lack of service gaps in the service we provide, whether that is licensing, enforcement, finance. But let's just start with the Governor's mandate of October 18th. As you all know, all state employees needed to be fully vaccinated, and I will just walk very quickly through that process. Several employees were able to seek

medical or religious exemptions. Then in the next piece of that process is to determine whether we could accommodate them or not.

As you know, in our enforcement division, many of them work with the public every day. So, while they might have an exemption, we were not able to accommodate them if, in fact, their work is with the public and they are not fully vaccinated. I think early on we were concerned that we would have of our 342 employees, several that were not going to be able to stay with us, or they would choose to leave us. The good news is that did not happen. We lost just eight employees. Several of them we were able to accommodate so that they could work from home remotely as they have been for almost two years now. And then for some folks in enforcement, the accommodation was for them to move out of enforcement into another division in the agency. So, we were able to keep almost all of our people. Almost 98% of our employees are still with us.

Again, some of them were reassigned and some of them are working remotely. But we will continue to look at that every 60 days, just so you know because as the state opens up and with the new variant, who knows what is going to happen in the next few months. We were hopeful that we would be able to look at January as an opportunity to reopen our offices and all the State government. Just as you are probably aware, all agencies are looking at what does the future look like beyond January?

I think the most important thing I wanted to share was with respect to the service we provide all of you. We have got almost all of our employees with us. Ollie Garrett, several months ago, asked a really good question. When we talk about service gaps or business needs; how are we doing with the folks that we regulate, she said, "How do you know that there are no service gaps?"

In September, we did a survey to all of our licensees, and that is cannabis, alcohol, vaping/tobacco to ask them whether there were any gaps in service that we provide and really zeroing in on licensing, enforcement and, of course, finance where people pay their fees and taxes. Unfortunately, we had just under 100 responses with 18,000 licensees on the alcohol side, 14 in tobacco. It was not much of a response. The only thing I can think of is maybe that tells us something positive. That people don't have concerns of those that did answer, and statistically it is a pretty small number. I don't know how much relevance we can place to it, but it is 100 people who responded. The vast majority, 94% and were satisfied with the level of service they are getting, even though most of our employees are working remotely.

I wish we would have had a bigger response, but we didn't. I wanted to share that information. I think having you here with us today is the opportunity for you to reach out to your own groups that you represent, the licensees, and ask them, if there are issues that you are aware of? Personally, I have not gotten a lot of emails. Or maybe on the other side of this, our folks who are working more closely with all of you than they were even two years ago. So, it seems like working remotely is working for us. It feels like our business needs are being met. I guess the question is, are your business needs being met? You could send me an email. We can set up a call for any of you who represent many of the trade associations and our licensees to give us feedback from that.

I haven't heard anything from any of you recently of concerns around service gaps or us not meeting. I know licensing, enforcement and Jim in Finance have done a lot of innovation in the last couple of years to make sure that we are keeping in close contact with you and communication. So, since I have got you all here, I just wanted to share that. Please contact me or our staff or the Board if you are feeling like there are issues that we are not addressing, because we need to make some decisions come January about whether we are going to return people back to the workplace. Some of the discussions I have had with Chair Postman and the Board and some of our senior staff is it is working quite well. And if it is working, then why would we? Especially with a variant that we have just heard of in the last two weeks that has come forward. Can we continue to work the way that we are working now? That is all I would add, Chair Postman and Board members and staff. Any questions? Or maybe we will wait until we get further down the agenda. David.

Legislative Plans and Priorities - AAC Members

Chair Postman: Thank you Rick. So, we now have the rest of our time here for as much of an open discussion as the council members would like. We really want to have a chance to hear from as many of you and as in depth as possible. So, I want to invite you to turn on your cameras. If everyone does that, we can get a sense of who is all there. It also allows people to raise hands if people want to jump in and talk. I don't believe that there is any set agenda or order in which you all would have a chance to talk. I really want to just go around the table, and I am going to call on you and give you a few minutes if you want to give your top items, maybe what you are looking at the legislative session or to address any of the things Rick raised. We would love to hear any feedback you have on service delivery and things of that sort.

Alcohol allowances, the two current rulemaking processes that are underway in your worlds. And again, I am hoping it can be a little bit open. If somebody wants to add something, just click on the raise your hand, and I will try to keep track of that and keep things going. I am going to do a reverse alphabetical order of your associations because I am pretty sure we went the other direction the last time. So, if that works, we will start. That means Josh McDonald is up with the Washington Wine Institute. Hi, Josh.

Josh McDonald – Washington Wine Institute

Hey, Chair Postman. It is good to see you.

I first just want to add a few comments to the presentations that we just saw and our experience from the Washington wine industry in the last year and a half. That is in my eight years here now, I would say easily, the last two years we have never worked more closely with the Liquor and Cannabis Board to help solve problems to address issues out there as the pandemic continued on. Your team has been absolutely wonderful in helping us get through that, and there are many things we worked on together. We meet regularly now more than before and continue to stay in contact with each other and across agencies, which I think is incredibly important as we are impacted not only by the Liquor and Cannabis Board but by other agencies as well in the Governor's office and everyone talking to each other.

It is just a tremendous level of, I think, increased ability to get things done and to know what is going on to stay on the same page. So, the processing time that Becky mentioned, I can attest to that. We have changed so much of operations to outdoors, or you need to make alterations, or changed our functions as wineries to accommodate COVID or other needs. Their teams have been really quick on that. Also, from the rulemaking side, really appreciate all the feedback they have taken from us and improved the rulemaking process. Our wineries are definitely very excited about the outdoor seating modernization and some of the other privileges coming our way that absolutely are going to be huge for us moving into the next years. We don't plan on running any specific legislation for the 2022 session.

So, we are just going to be prepared to engage and talk with any stakeholders on anything they are working on that impacts our industry. Anything that we would have a feeling about or a position on, happy to engage in any of those discussions with anyone here at any time. So, with that, I am happy to hand it back to you, Mr. Chair, and you can continue on the way. And I am here for questions or to engage in more debate or discussion as we as we move along.

Chair Postman: Thanks, Josh. Appreciate that feedback, too. I see one hand up, my old pal, Roland Thompson. Roland, did you have something you?

Roland Thompson: Sure, Mr. Chairman. It is nice to see you in the job. Roland Thompson with the California Wine Institute, as it is known up here. Katie Jacoy is retiring and will be leaving at the end of the month at the Wine Institute. She is being replaced by Sally Jefferson, who is coming over from the Great Lakes region. You might see her on the screen. She has worked for the Wine Institute for about a decade or so. And before that, she was with the Entertainment Software Association where Annie McGrath was her lobbyist, I guess, in Washington State. So, she is not an unknown commodity around here. And if I could just turn it over to her, I think we echo a number of things that Josh said, but she might have a few things she would like to add, if that is okay.

Chair Postman: Sure. We can call you the Wine Institute for this meeting only, so then alphabetically that would work.

Roland Thompson: Yeah. There we go.

Chair Postman: Go ahead, Sally. Thank you.

Sally Jefferson: Hello

Roland Thompson: There you go.

Sally Jefferson – California Wine Institute

Thank you, very much, Chairman Postman and Roland. I appreciate the introduction. I really do appreciate the opportunity to join you all here today. The Wine Institute is not planning to run any legislation in the coming session. I think similar to what Josh talked about, we want to engage in discussions on any issues that may be raised here and on other priorities that may be raised as far as working with other stakeholders on what they are doing and discussing and presenting our point of view on what those are. So, anyway, I look forward to the opportunity to working with all of you all including, of course, the Board and the staff.

Chair Postman: Great. Thank you. Nice to meet you. Back to the list. Brad Tower from the Washington Liquor Store Association.

Brad Tower – Washington Liquor Store Assoc.

Well, thank you, Mr. Chair. It is nice to see everybody. I don't have anything in particular to share about any agendas that we have. But I did want to thank Chris and the rest of the LCB staff. We did take them up on that offer to have a conversation about ideas that we were vetting, and it was tremendously helpful, and I would encourage others to reach out because this is one of the agencies that is really wonderful to work with that way. So, thank you.

Chair Postman: That's great. Appreciate that. Thanks for the feedback. Katie Doyle, Washington Hospitality Association.

Katie Doyle – Washington Hospitality Assoc.

Thank you, Chair Postman. I will echo both Brad and Josh's comments. The Liquor and Cannabis Board has been phenomenal over the last two years. I am still relatively new to this job, and so you have all been stuck with my myriad of questions. I am pretty sure I ask someone a question every single week, and your team has been just outstanding. I would say to direct some attention to Rick's concerns that they didn't get good survey responses earlier this year. We don't get good survey responses either right now. I think our members are extremely fatigued. And all of the feedback that we are receiving in regard to the LCB has been super positive. So, on top of our interactions, our members are having really positive interactions as well. So, that is good news.

We are running legislation from last year that doesn't exactly pertain to the LCB, but it is a budget request for license fee reductions.

Last year, Senator Rolfes waved license fees from April of last year through March of this year. We are hoping to piggyback on that legislation and reintroduce House Bill 1359, which will reduce license fees associated with spirits by 50% through 2023. So, a very, very narrow window in terms of license fee reduction, but our members are still really struggling to recover from COVID. Most of our operators are still sitting on massive piles of debt right now. We are seeing about \$160,000 in debt per location. So, any relief that can be provided to the industry is substantial right now. That is one of the ways we are exploring. That bill did pass the House with flying colors last year, so it sits in house rules, and we will be trying to push it through the Senate in this upcoming session.

The other thing I think is most concerning to us are those compliance numbers that Director Brady shared. It is a concern we've been having, and I think it is heightened right now. I am in close conversations with the enforcement team because we do understand that it is not just third-party delivery as we originally hoped. I guess, not hoped but thought that it was and understand that it is our actual operators and their employees that are not doing ID checks. So, we are trying to figure out how we can help. But on the third-party front, we are having discussions with several third-party platforms on what they are doing for best practices when it comes to delivering beer and wine for our operators. We are trying to figure out if there needs to be a legislative address to these types of issues.

Do we need to look at making sure that gig workers have the proper training? Do they need to go through the responsible vendor program? Do they need MAST permits? Then are there other ways that may be easier to address the issue? So, I'll be continually talking to your policy team about it, talking to Chris and keeping our third-party platform partners in the loop as well, so that we are coming up with a really collaborative approach to something that I think is going to be a long-term issue that we need a solution for.

Chair Postman: Great. Thank you. I am glad you are focusing on that. We hear concerns about the delivery realm from prevention to public health. I think, especially around these conversations we are all having about allowances. There is a lot of focus, and we have had at least one that I am aware of since I got your proposal from a company to try to expand delivery services using a yet-to-be invented technology. So, we did not move forward with it, but it is out there churning. I think those numbers are really important and, clearly, we keep a careful look on them. So, thanks for putting some light on those things, and letting us know. I am sure you do keep in touch with our enforcement team about what we could do collaboratively. Rick, I see you have your hand raised.

Rick Garza: Yes. Thank you, Chair Postman and Katie. I just wanted to share if you were not aware that Oregon has put a workgroup together with the industry to zero in on the whole issue of delivery and the allowances that were provided. We even have some of our staff that are going to be able to attend to hear those discussions. Just so you are aware, because they are neighbors so close to us, they have got a work group that they have formed. I don't think they are going to start until January or February or maybe a little bit later. But they are going to be looking at the impacts, and that would be helpful for us to have that information, too. So, I just wanted to share that with the group and with you, Katie. Thanks.

Katie Doyle: Thank you, Rick. That is really helpful. I know that one. I think it is Rose from the Internet Association. She probably does not intersect with any of you very often, but she does have all of these third-party platforms under her umbrella. So, she is part of those discussions in Oregon, and she has promised to keep us in the loop. I might try to find a way to weasel my way into that stakeholder group as well, as I have built some relationships with the Oregon Liquor Board. So, we will see what I can do.

Rick Garza: Yes, if you need any help, let us know. I don't think it would be a problem. Thanks.

Katie Doyle: Thank you.

Chair Postman: That is great. Okay, thank you. Cat Holm, Washington Food Industry Association.

Cat Holm – Washington Food Industry Assoc.

Cat Holm: Good afternoon. Cat Holm, Washington Food Industry Association. We represent the independent grocers, convenience stores, and their suppliers. I know Brad is going to be very sad to here that we are not going to be running the small stores bill this year. It is something I think long-term members are still very interested in and want to do, but my members are also very tired. There have been a lot of mask mandates, and we have had significant shoplifting and violence at our stores this year. So, to be very frank, expanding alcohol right now is hard to think about when we are still in the middle of COVID. I do think that, hopefully, within the next year or two we will come back with a solution that works for Brad and his members and everybody else, but we are not going to be moving forward with that.

I also wanted to wave a little flag on the third-party deliveries as well. That is something that we are interested in at this point. Since I know our members do tend to use a lot of the third-party deliveries as well, so we want to make sure that it doesn't always pop back on the licensee when it is the gig worker who may have failed the compliance check. So, at this point, not a whole lot of alcohol stuff on the agenda for us but always looking forward to seeing what other issues pop up and everything else. So, thank you.

Chair Postman: Great. Thank you. Next from Washington Distiller's Guild, Mhairi Voelsgen. Did I get your name right? I'm sorry.

Mhairi Voelsgen: It is Mhairi. Silent H.

Chair Postman: Mhairi. Okay.

Mhairi Voelsgen – Washington Distiller's Guild

Mhairi Voelsgen: Yeah, my parents challenged me for life. There you go. I always tell people my mother's name was Anne Brown, and she wanted to have her daughter have an interesting name. So, my son now, conversely, is named Joe Lamb because I do not want him to bear the same burden.

Just a little update on how the distilleries are doing in the state. It is a mixed bag. We share some of the WHA concerns. We are seeing a lot of small distilleries struggle. I think the recovery has been uneven for a lot of people. I was talking to one decent-sized producer in the state, and he said he is at 50% of pre-COVID numbers now for the year. I did a brief survey about 20 distilleries and just said, where are you? You don't have to commit. I won't say who said it. But generally, we are hearing people are between 50% and 70% of where they were pre-COVID.

So, it is obviously still a struggle for the small guys. It is no secret that the big brands did well during COVID, but the little guys maybe have not done as well as the big guys. We are not pursuing any legislation at this point. We are a little overwhelmed, as well, staying in business for most folks. So, we won't be doing anything this session. I know there are distillers who are looking at RTD legislation, overall looking at taxation in that category and access in that category. But we are not pursuing it as a group overall. One thing we would be interested in, and I know that our lobbyist has already had some conversations with WHA, is around licensing fees moving forward, especially for next year. Given the struggle that folks are having right now, I think it wouldn't be out of line to see them have another year's break on licensing fees, so they can at least manage some of the expense side. That is it on where we are overall.

Chair Postman: Great. Thank you, Mhairi. Appreciate that. Annie McGrath, Washington Brewer's Guild. You are muted. Nope, still. Sorry. Dustin, any suggestions? We can come back in a second, to you Annie. Why don't we do that? Scott Hazlegrove. I know I just saw you there from Washington Beer and Wine Wholesalers.

Scott Hazlegrove – Washington Beer and Wine Distributors

Scott Hazlegrove: Thanks, Chair Postman. Scott Hazlegrove from Beer and Wine Distributors. We are also not going to be pursuing legislation in 2022, thankfully. I knew that we have had some discussions of late from some folks concerned about supply. I have been pretty proud of the distributors ability to keep the shelves full in a lot of grocers and other retailers when, quite honestly, a lot of other products have struggled to get there. But we are facing some of the same challenges that a lot of the other people are facing with supply chains. And I think that is starting to create some bumps.

So, I just wanted to make folks aware this is certainly an upcoming concern. We are aware of it. We are working our way through it. I think we are going to get back to normal with a steady supply. But we are aware that there have been some jump ups where people have said, I can't get XYZ product, or quite honestly, we can't get XYZ product. And my guess is Annie and some of the others can probably talk about some of those challenges from the producer side because it really starts at that end of the system. So, thank you, all.

Chair Postman: Great. Thank you. Annie, let's try you again there.

Annie McGrath: Okay. How about now?

Annie McGrath – Washington Brewer's Guild

Annie McGrath: All right. It's too bad because I was really brilliant just a minute ago, and I don't think I can do it twice. So, I'm really sorry you all missed out on that. Hi! Annie McGrath with the Washington Brewer's Guild. We are the state's trade association that represents Washington small and independent craft breweries. I will give you a little bit of a state of the industry. I also really like this reverse order because I can say what Josh said and what Katie said. You guys have been amazing to work with. We are so pleased with the relationship with the agency. We have always worked really well with your folks, but over the last year plus that relationship has only gotten stronger. We just appreciate all the flexibility, the patience and really compassion that you guys have shown our operators because it has been a very difficult haul for everyone.

Prior to 2020, 70% of all Washington-produced beer was served in the form of draft. So, that was either out of our own tap rooms, bars and restaurants, entertainment venues, and the like. All the places that were essentially closed for much of 2020 were restricted. So, we saw that while beer sales went up about 1% over 2019, for the year 2020, Washington brewers saw over a 20% drop in sales at that time, so it hit us really hard. We are really appreciative of all the temporary COVID allowances, and we have been leaning on those hard to heal up as well as the grants and other legislative fixes that were provided in 2020.

We are not planning on running any liquor legislation or anything other this coming session. We are looking at ESOPs (Employee Stock Ownership Plan) to potentially talk with the agency if there might be something we can do on rulemaking.

For those who might not be familiar, an ESOP is an Employee Stock Ownership Plan that would give workers ownership interest in the company through stock shares. And currently, the way those are structured, most of them sit at about 30% for the ESOP, and that runs against the agency's long interpretation of regarding two-party interests. That is something we would like to have further conversations about. But again, during COVID, it hasn't been entirely urgent. We would like to see if any other stakeholders might be interested in that conversation, that might be impacted as well. As Scott alluded to, we are facing a lot of supply chain issues,

especially with aluminum. There is a shortage. And recently, the Ball Corporation announced changes to their minimum orders, which really hits craft breweries hard.

You have to order 2 million cans at a time, and you have to be able to warehouse them. So, that is going to put an even bigger hiccup in what was already a supply chain crunch as people tried to shift to packaging beer so that they can sell it places other than in draft. Then we are also dealing with some labor shortages as everybody in the hospitality industry is as well. But we have learned and what we have known to be true about our brewery owners is they are incredibly scrappy, and they are not going to quit, and they are still making it happen. So, we appreciate just everything that you guys have done to keep us in it.

Chair Postman: Great. Thank you. Board Member Hauge had a comment

Russ Hauge: Yes. Has there been any impediment from us to the craft brewers getting together on warehouse space or anything like that to deal with this aluminum can thing? I know, that is a really big deal to a lot of smaller operations.

Annie McGrath: Yes, you know, that is a good question. This latest one has been really recent, the Ball Corporation announcement was just last week, and we are just starting to try to get our hands around just how many Washington breweries have been impacted by it. But I appreciate that question, and I will be sure to follow up if we learn that there is any sort of regulatory impediment.

Russ Hauge: Well, and there is another avenue as well. You were talking earlier about just employee stock ownership, things like that, and true parties of interest. We are facing a lot of the same issues, maybe in a more advanced way on the cannabis side. In terms of the ultimate questions, we are going to have to answer about ownership. There may be some parallels there in terms of the general discussion, particularly about increasing employee ownership that we could cross pollinate.

Annie McGrath: It would be fantastic to learn more about. I am pretty new to this issue. I know we had one member that had been exploring this and reached a dead end with it. So, we wanted to learn a little bit more and figure out if there might be some solutions within the agency rather than having to run a bill.

Chair Postman: We had one rulemaking petition related to this on a larger scale, but it would have impacted ESOP, as well. Kathy or Robert can get in touch with you and give you all the background on why we ruled in that case not to move forward with rulemaking to allow that, and it is related to TPI. But it is a really interesting issue. I think, just as one Board member, employee stock ownership is something we should be looking at. If there is a way to do it that doesn't run afoul of true party of interest, then we should try to find that alleyway and do it.

Russ Hauge: Or maybe re-examine true party of interest a little and see.

Chair Postman: That's okay. Sure. Yeah. So, it could run a little afoul, but we are definitely open to looking at some of these things that have been in place a long time and may need to reflect today's world in whatever way. Whether that is through development of science, which is more on the cannabis side, or the economy or anything else. So, we are open to looking at that. But I think the first step would be to get you briefed up on what we did look at and why we turned down that petition and what might be possible. So, we will do that.

Annie McGrath: Thank you. I'm in learning mode. The first step was learning what ESOP stood for.

Chair Postman: I had to learn what TPI was. So, Josh McDonald. Go ahead.

Josh McDonald: Thank you, Mr. Chair. I just wanted to real quick chime in and add on to what both Scott and Annie mentioned. I meant to mention as well and failed to my first time speaking. A supply chain issue is very real for our wine manufacturers, as well. I mean, not specifically anything the LCB can directly do, but we are engaging with the broader business community with the legislature with the ports and anyone else in our in our freight mobility and everything else to find out where can we find solutions to this? Because we are having severe challenges from glass to corks to everything else and getting those in time.

With wine, oftentimes you run into real capacity issues. So, you need to move wine to bottle and then to move the recent harvest into tanks, and the timing is way off, now. It has become a tremendous challenge for us in a mean capacity. So, we are engaging a broader conversation around that. It is an absolute real issue for us as manufacturers on our end as well.

Chair Postman: Sure. Thank you. Cat?

Cat Holm: I wanted to echo the same issue with our stores. I mean, obviously, it has been in the news both nationally and locally about supply chain issues at grocery stores, convenience stores, and it does not matter what industry you are in at this point. There are supply chain issues. However, we are part of a group that is helping start a supply chain caucus. This is just more so for the stakeholders who are on this meeting. If you haven't gotten the invite, please reach out to me because I am helping facilitate everything. We really hope that you will all want to be involved as we go forward to try to figure out some of the supply chain issues because it is not just alcohol. It is kind of every industry, and it is hitting us all. So, I am really encouraging you all too please get involved in that as well.

Chair Postman: Thank you for adding that. Moving back to our list. Is there anybody here from the Puyallup Tribe?

Dustin: Not to my knowledge, Chair.

Chair Postman: Let's see. How about Bob Kelly from the Nooksack?

Dustin: I have not seen him or another Nooksack representative online either.

Chair Postman: Okay. Thanks, Dustin. Holly Chisa, Northwest Grocery Association.

Holly Chisa – Northwest Grocery Association

Holly Chisa: Hello, everyone. So, I won't repeat what has been said a good deal by a number of folks in our industry. Obviously supply chain is even affecting us larger retail grocery companies in finding material. I do want to also acknowledge the comments about enforcement practices, as we have had an incredibly high amount of staff turnover. As you can imagine, our employees are burned out, and they are not able to continue to work for us. So, as much turnover as we have had, we have had a lot of training. We will continue to retrain. And I know that there have been some concerns as compliance checks have ramped back up again. We are actually appreciative of that information and knowing what is going on so that we can keep retraining.

It is hard to find folks that are willing to go through what they are being asked to do in our stores right now and stay employed with us. So, a lot of training is going on, and we will keep doing that. Just as the communication comes from the Board, if you are seeing things that are concerning to you, please let us know, and we can get that back out to the stores. Being part of the responsible vendor program really helps with that to make sure that we are on a schedule and keeping a record of all of that. So, we will not be running a liquor bill this session. We are simply head down trying to get through the pandemic and getting everyone to wear their masks and get vaccinated. So, we will lay low this year and deal with recycling and supply chain issues instead. So, thank you.

Chair Postman: Thank you. Sandra Englund, Korean American Grocers Association.

Dustin: Hi, Chair. I did not see Sandra join us today.

Chair Postman: Thank you. Sandra Englund, Korean American Grocers Association.

Dustin: Hi, Chair. I did not see Sandra join us today.

Chair Postman: And I was just looking on the list. First and goal, I know Ed Goines is here. Ed? Or I should say he was. Okay. He has either stepped out or gone. Paul. Paul Beveridge, Family Wineries of Washington State. Hi, Paul.

Paul Beveridge - Family Wineries of Washington State

Paul Beveridge: Thank you. We are still working on a number of the issues and definitely appreciate the responsiveness we have had from the Liquor Board. Our small wineries were struggling before COVID. And so, it has only made it worse, and we have had just a number of folks just turn in the towel. We are looking forward to working with Chris and your finance people to develop some numbers on that so we can talk to the legislature. We have our tax bill that is in there, and we are going to pursue it again. We have done three versions of this tax bill. This is to get rid of the sin tax on wine. We figure if we want to encourage craft beverage industry, we shouldn't go out of the box and put a tax on it that has to be paid whether you make money or not and really hurts folks at the beginning of the process.

So, the three versions we have done, we did it so it just applied to the small wineries. We did a version, and that got challenged because the California folks said it violated interstate commerce because they were not included, and the big wineries did not like it because they were not included. But, of course, it made for a small fiscal note. So, then we expanded it to California, the big wineries was tepid at best. So, we are still wondering how to get this done, but it really has to happen. The breweries, the distilleries, the cideries all get a little bit of a tax relief. And one idea we have is to expand it to other parts of the business, so get the breweries more relief. Distilleries really don't get much relief at all, so they really should as well. Their tax rates are incredibly high. And so that is one thing we are looking at and reaching out to folks, and we will be reaching out to Chris on this, as well.

We have all the issues of the big guys, a lot of flexibility. Specialty glass is very hard to come by right now. One easy thing to do would be to allow us to have more than one warehouse. Limiting us to just one warehouse license, that is tough. And because almost anything is considered a warehouse if you store wine in it, even somebody's garage. You use up one license on a garage on the west side, and then you cannot have a warehouse on the east side. And the last thing we will put a pitch in before, especially if you guys are upgrading the computer system, is licensing reform. Most of the folks on this call already have their licenses, so it is not really a priority. So, I guess I see more of it from my law practice side where I am helping folks try to get into the industry and get their licenses, and it is just way too complicated. There are way too many licenses involved, and that is one of the reasons it is so hard to get the computer system to work.

There are just too many options there. And so, it would be great to clean that up and simplify that, focus more on public safety before you try to clean up the computer system. Just a thought. But again, we really appreciate all the help we have had from you guys. And we look forward to really making the case of the legislature that these little guys need some help, if we really want to have a vibrant industry in this state.

Chair Postman: Great. Thanks, Paul. Paul, by the way, you sent me a link to the fermentation blog, Tom Wark's fermentation blog, and I ended up getting very lost in there and read a lot of things that he wrote for years and years including a very interesting thread about legalization of cannabis going to threaten the wine industry. So,

thanks for that. And also, if anybody else has anything that you read that helps you know what is going on in your industry, send me a link. I want to see what you all are seeing and try to keep this education going. But he does a good job, Paul.

Paul Beveridge: He's quite character.

Chair Postman: Yeah. He has got some opinions.

Paul Beveridge: Well, if he could get some backing, he would do a retailer shipment bill here in Washington. That is what he has been looking to do. But the problem is all the small retailers are so broke. They cannot get any money together for him. They have all gone out of business already, pretty much.

Chair Postman: So, he has got a campaign going on there, I see. But yeah. I appreciate the heads up on it. So, thanks.

Paul Beveridge: You bet.

Chair Postman: Adam Smith from the Distilled Spirits Council of the US. Are you with us?

Dustin: Hey, Chair. I did not see Adam Smith join us or Ted Yi.

Chair Postman: I do not see Adam Smith. I do not see Ted Yi. We talked to Sally. And Jeff Gombosky. I saw you. Are you here from the Beer Institute? I think I saw you ring off.

Dustin: He was on earlier.

Chair Postman: Okay. Andrea McNeely, Association of Washington Spirit and Wine Distributors.

Andrea McNeely - Association of Washington Spirit and Wine Distributors

Andrea McNeely: Hi.

Chair Postman: Hello.

Andrea McNeely: Thank you, Chair. I will echo what everyone else has said about working with the LCB, particularly in the COVID time. Our members have been very pleased with how responsive and helpful in getting clarification on a number of issues as things were changing so quickly. So, we just want to express our appreciation to you about that. We are experiencing a lot of the same supply chain issues and working through those as well. The challenge is always to make sure that we have the product that Cat's members and Katie's members are looking for and able to deliver that. So, we would be very interested in participating in that group, Cat, that you are putting together.

We are running the same bill that we ran last year regarding tax rates on the hard seltzer spirits-based versions, ready-to-drink cocktails that are lower in ABV, and that is lower than 7% ABV. And what we are looking to do is to create a tax rate for those low-proof beverages that is at least competitive with the tax rate on similar types of beverages that are either wine-based or beer-based. The tax rate that we ended at the end of last year was \$1.19 as a flat rate on those as compared to wine is about \$0.87 and beer at about \$0.24. And so that is what we are pursuing this year and just looking forward to working with all of you on that.

Chair Postman: Okay, great. Thank you. I think we have made it around the table. Is there anybody who was missed from the council? Not seeing any hands going up.

One thing, I just also want to take a second here to see if any council member has questions for any of the staff, including the director or the Board? This would be good time. We have got lots of time here, and so just go ahead and click that Raise Your Hand if you have any questions or comments.

Discussion of Future Meetings – Chair Postman

I am really interested in how useful this vehicle has been for you all in the past and at this point. And what should we do, if anything, to change it. It remains valuable for me as the newbie on the Board, certainly to get to know you and to hear these issues. I am more than happy to continue them and try to do them back on a regularly-scheduled basis a couple of times a year at least. We could meet quarterly, but it is a lot of time for you all too. So, I just wonder if anybody has any thoughts about that. Can we do something to make these more useful to you all? Any thoughts? Cat Holm, go ahead.

Cat Holm: So, I actually would like to do them a little bit more often. I do not know if it is quarterly or more than once a year, just because I feel like, especially right now it is right before Christmas. I feel there is a lot more rulemaking things that we could possibly bring up versus just legislatively. There are a lot of issues and we cram it all in two hours once a year. It is not quite enough for the amount of issues that we all see throughout the year.

Chair Postman: I am happy to try to do more of that. The other thing I would say is, in the meantime, you all should feel free to reach out to me or any of the other Board members. We do not know as much as the staff, and so, we may not be able to answer the technical questions. But if there are things you want to put on our radar that we should know about or problems you are seeing, don't hesitate. We are all very accessible in that way. I would think we could fill an agenda quarterly. Maybe not for two hours, but if we did it more frequently maybe we could also focus on a particular issue if there is one that is pressing for everybody. Katie, I see your hand.

Katie Doyle: I will echo Cat's comments. I would be more than happy to meet quarterly. I know a handful of us have the pleasure of meeting with your team monthly. But I think having the broader group together on a more regular basis would be really helpful.

Chair Postman: Okay, good. Well, that is two votes for quarterly. So, Andrea.

Andrea McNeely: I am adding a third vote for quarterly, as well. I find this very helpful. I appreciate it.

Chair Postman: Anybody opposed to quarterly meetings? Okay, hearing none. I think we may try that and see. I want to take a second, and I will say I really appreciate all the feedback you have given us mostly positive. That makes me feel really good, and it reflects the staff that I see working all the time and hear what they say in our meetings and how hard they are working, too, in these tough times. So, that is heartening. But we also believe we can always find ways to work better and more open. So, keep sending us whatever feedback you have.

I can tell you, I started mid-March, and cannabis is overwhelming. That is just the way it is. Maybe this is what it was like five, six years after prohibition of alcohol ended. I don't know because I was not here. I think Rick was Director, but I was not here. But it is such a new industry. It is so new, and there is a lot of growth, but there are also some tensions and things of that sort. So, it is a very different world that exists on that side, and we are trying to keep up with it. The botanists out there are the hardest working people right now, and they are coming up with things that we have to educate ourselves about.

We have got some, as Chris was saying, some agency request legislation that we are hoping to get the legislature to work on that side. I do not want that to overshadow your industry's' day-to-day struggles, particularly right now. And so, we have worked on some of these things like the allowances and others who try

to do that. I see Rick has got his hand up, probably to tell me he was not really here when prohibition ended. Rick.

Rick Garza: No. In fact, it is amazing because you make a good point. It is a difference of regulating an industry for 90 years versus nine. And it does take up a lot of time. So, only to add that I think the quarterly meeting is a great idea, and we could work with the group to find out the agenda matters, whether you just want one of those first quarterly meetings to just address policy or rules. Because imbedded in much of the discussion from you all, there are issues that I can see that we could work on. So, thank you, Chair Postman.

Chair Postman: Yes. Thank you, Rick. Director Brady. You had your hand up.

Chandra Brady: I was talking and saying some really amazing things on mute.

Chair Postman: Yes. It is like when you said we are at all at our most brilliant when we are muted.

Chandra Brady: Yes. I was taking a card from Annie's hand but, anyway, I was just going to ask generally, because this is called an advisory council, is there a body of work that this group typically does, or is that something we want to consider for the future? Or is this a forum in which we get together and present information to and discuss current issues? And then?

Chair Postman: Well, that is a good question and Board member Hauge had some thoughts about that the other day in our caucus related to a Tribal Advisory Council on who is advising who and how it works. So, it all predates me, and I do not know if anybody wants to give some history on that. But my understanding is it really is information sharing, primarily. And I am hoping it is both ways as much as possible as it was today. Rick, did you have a thought on that?

Rick Garza: Well, it takes us all the way back to when the Board was full time and Merritt Long and one of our Governors wanted to reduce that and did that by rule to 60%. Merritt Long then decided he was concerned because the industry had raised issues about whether that would reduce access to the Board. And so, Merritt Long created the alcohol advisory group and council to provide that opportunity for this discussion. Then in the last few years, before we got into the pandemic, we did not meet very often. It was just like right before session just to hear the legislative proposals. But I think it is evolving. Right? Just as it has, and it probably needs to change. But just so you know, the whole idea here was to make sure you had access to the board members and staff. And I think we did it every six months when it first started. But that is why it was here, and I think it is open to membership and to the Board to figure out how it evolves to something more meaningful for the time we have now.

Chair Postman: Yes. Thanks. Holly?

Holly Chisa: I think it has been utilized in different ways. I know Rick used the word evolving, and I think that is accurate. There have been times when it is simply clearinghouse for what we all are working on, and then there have been times when we have been at each other on a bill. And it is a place for safe disagreement and trying to hammer out policy. Then there have been times where it is a place to get together to try and figure out can we do some reform bills, which we have done a couple of those big, large omnibus bills over the years. So, it is kind of whatever the need arises. We do not usually give it an assignment. It just kind of evolves as needs get. And I would agree that I think right now, meeting more frequently would be helpful. If nothing else, to know how we can support each other as we get back to whatever the new normal looks like.

Chair Postman: Good. Yes, thanks. It does not sound like you all have a lot of legislation coming forward, but who knows. If there is a value in having one of these meetings during that session as an update on what is happening, we could do that. So, just be in touch and let us know if you have a view on that or issues that pop

up. Even if it is just a smaller group that we want to get together. If there is a particular legislative issue that we want to address or that you want us to at least know about, I am happy to do that. Checking to see if there are any other hands up here. I do not see it. Okay. Well, we are going to finish 30 minutes early, which is, I got to tell a little bit unheard of inside here, but it is because you all have lots to do I know. So, we won't keep it going. Member Hauge has his hand up. Russ?

Member Hauge: Thanks. I just wanted to say that I recognize as a Board member that COVID has hit the industries and the people you represent the hardest next to people like my wife, who is a registered nurse and has been up to it in her armpits in the hospital. I just want to give you my profound thanks, and please carry them on, particularly to those people on your retail sides. Everybody who works in a grocery store deserves combat pay. And I cannot say enough about how much I appreciate the work that the people you represent have been doing.

Chair Postman: Yes. Thanks, Russ. I appreciate you saying that. I would second all of those comments. I have noticed more and more of these signs in retail outlets that say, we are short staffed or training new staff. Please be kind to our employees. And it is just shocking that we need to keep telling people, particularly at a time now when we should be helping each other. So, thanks, Russ, for that. Okay. Well, with that I think we will wrap it. Thank you all very much for making the time and sharing your thoughts and listening to what is going on in the agency.

And again, just going to invite you all to stay in touch. Shoot any one of us on the Board a message if you want. You know the staff perfectly well, and they are always available. If there is a problem, luckily, we do not have a lot on alcohol side. But if we do, just let us know. Put it on our radar, and we will be glad to follow up with whoever we need to. So, with that, thank you. Good luck in the last part of this year, and we will talk to you before the next quarter is out. Thanks.

Chair Postman adjourned the meeting at 3:01 pm.

Minutes approved this 11th day of January, 2022.



David Postman
Board Chair



Ollie Garrett
Board Member



Russ Hauge
Board Member

Russ Hauge
Board Member

Minutes Prepared by: Cindy Doughty, Administrative Assistant to the Board