Jason Brooks: All right, we saw a pretty strong jump there in the last couple of minutes of attendees coming in so I think we can go ahead and begin. Thank you to everyone who was in attendance for this learning session. This should be a great opportunity to learn some more about some very specific topics related to compliance, and we will turn it over to Jen and Brittany to bring us in and then get started.

Jennifer Zamkus: Good afternoon. Hi. I've met some of you, some of you I have not. I'm Jennifer Zamkus. I go by Jen, so if you see an email from Jen, that's me. I'm the Director for the Section for Compliance and Enforcement. I'm excited to see you all here at this Licensee Learning Session that we are bringing to you today. I would like to introduce one of our newer staff members in compliance and enforcement leadership. Some of you have gotten the opportunity to meet him. Some of you have not, but that is our bureau manager for the Bureau of Facility Compliance, Don Kinkhorst.

Don Kinkhorst: Hello everyone, great to be here. Happy to work with all these knowledgeable staff and we're working hard to push forward to have better customer service, accountability, compliance, and ultimately public safety. So, thank you.

Jennifer Zamkus: Thanks, Don. Don comes to us from the Bureau of Business Licensing Services, so he has some great knowledge for our Facility Compliance Bureau and how licensing services connects to Facility Compliance as well. I wanted to talk with everyone about why we do some of this educational effort. I think we all have that same goal of compliance; compliance with rules, Article XIV, wanting to make sure that we have a safe product for Missouri's market. In that effort, we're continuing to look for ways to promote open communication, share resources, guidance, and training on any areas related to the constitution and the rules. Many of you attended our licensee workshops this summer, the in-person workshops we conducted throughout the state, and we had some great feedback from those in attendance. With that feedback, we looked for other opportunities and other methods to get this information out to you and came up with this idea of a web-based session like today. At the end of today's session, we're going to ask for your feedback again. These really are sessions designed for you, so the more feedback that we can have from you, the more that we can tailor these to help you in compliance and, in your operations. So, we are open to any thoughts you have on; format, in-person versus web based, length, topics for future sessions, any of that information we would love to hear from you. Today's session is focused on those areas of seed-to-sale tracking that we've seen more questions on, more concerns come about- some problem areas. So, we wanted to have some of our staff kind of talk to you and in some of those areas, provide you some guidance. And so now I'm

going to turn this introductory information over to Brittany to talk more about the role of Metrc in compliance, and I hope you have a great learning session. Thank you.

Brittany Kirkweg: Thank you, Jen. Good afternoon. As Jen said, my name is Britney Kirkweg and I am the Section for Compliance and Enforcement Director, Deputy Director, I'm sorry. And so the topics as said Jen said are related to our seed-to-sale tracking, and that means Metrc. So Metrc is the statewide track-and-trace system, and it is the state's official inventory record. You'll hear me use the state official inventory record several times because it is so important that licensees understand that it is the official record keeping. So, the information in Metrc is required to be accurate and complete. And so, licensees should not rely on the Metrc system to keep their license in compliance. And so, what does that mean when I say that? What I mean is that our Metrc system is configured for Missouri and for our rules, but it is not an enforcement system. And so Metrc may let you complete something that through their system that's not compliant with our rules, and so I want to give an example of this. Administrative holds - per our rules, licenses shall not take any action on marijuana products that are on administrative holds. And so, this would be continuing to process, this could be transferring to another licensee, it could be sales - completing a sale to patients and consumers or some other action. The Metrc system does not allow a licensee to transfer an item that is on administrative hold. So that item that is or tag that's on administrative hold, it cannot be placed on a manifest, so the licensee is unable to complete that action, but the Metrc system does allow a licensee to sell a product that is on administrative hold to a patient and consumer. And so that would be not compliant with our rule and would end up in penalties violations and things like that. So, knowing the rules and, knowing how the system works, so you have to make sure that your staff understand the rules and the requirements with the administrative hold example, when you have tags on administrative hold, all of you should know that there is, the tag number is in red on your Metrc screen. You also receive an email from Metrc saying that you have tags on hold, may have tags placed on hold the night before. So, there's several different ways also a tab in Metrc that has your on hold, but the system does allow you to complete that sale even though that action is a violation of rules. So just wanted to kind of talk about the Metrc system and talk about how it is important to make sure that you're using the Metrc system correctly, that you're using it within rule, and also that you're putting the information in that is accurate because it is the state official inventory record. So, even if you're using another seed-to-sale provider, a certified seed-to-sale provider, and using that as your system to make your sales or do your actions, the information in Metrc still has to be accurate and that is what we look to when we look for compliance with our requirements is

Metrc because it is the state official inventory record. All right, so we appreciate you joining us for this session as Jen said. I would encourage you if you have questions about a topic that we have today, production batches virtual transfers or the transfer hub, that you reach out to your compliance officer after the session because they know about your specific facility and your operations, and so they'll be able to answer those more detailed questions. But I know that we will have opportunity today for general questions and they'll talk about that as we get started with housekeeping. So, appreciate everyone attending today and as Jen said, please provide us your feedback because we are listening, and we want to make this beneficial to our licensees.

Jason Brooks: Awesome. Thank you both Brittany and Jen for your introductions and that great example of how Metrc and compliance intersect and what our obligations are - what the obligations are from licensees. We'll talk a little bit about the logistics of this session as well as our topics and then go right into our presentations. So, as far as logistics go, all questions should be put into the chat. Feel free to put those in at any time. If you already have a question, you're welcome to go ahead and put that in there. We will answer those questions at the end of each presentation. Even if you have a question that you think of later, we'll come to those at the end if you have something about production batch because we're already in transfer hub - go ahead and put those questions in at any time. We'll make sure that we come to those and answer them throughout the session or at the end of each presentation. If you need to take a break, just do that as needed. We're all virtual, so step away if that's what you need to do. And then as Jen and Britney mentioned, we will send out a survey that happens instantaneously after we end this session, and that survey will have you rate how the session went as well as ask for ideas for future sessions and future learning opportunities. So, please make sure that you complete that survey, give us your thoughts and ideas. As they said, we really want to make sure that we are bringing you the information that's valuable to you and have that prepared for our next session. So, for this session, we will be talking about Production Batches, Virtual Transfers, and the Transfer Hub. Again, questions in the chat, you're welcome to put them in at any time and right now we will let Megan Bailey take it away for Production Batches.

Megan Bailey: Thank you. So, my name is Megan Bailey. I am the Track and Trace supervisor with DCR and we're going to cover Production Batches. So today we will be reviewing the production batch process in Metrc. We will go over when production batches should be used, the importance of using production batches, and how to complete a production batch step by step in the Metrc system. The production batch indicator should be used one, any time a product changes form physically or chemically. Two, anytime a

product changes category. Three, anytime multiple categories are combined. Or four, anytime an additive lipid flavoring or terpene is added to a product. Some examples of when a licensee should create production batches include but are not limited to; processing flower, processing bud/flower into ground bud/flower, creating pre rolls from ground bud/flower, processing shake trim, biomass or bud/flower into a concentrate, creating infused pre rolls from ground shake, trim, and concentrate, or processing a concentrate into an edible marijuana product. Some examples of processing include but are not limited to. Grinding, extracting, distilling, isolating, purging, formulating, creating pre-rolls, and creating infused pre-rolls. Production batches in Metrc should only be created after the actual yield is known. Alright, in this picture you can see how several packages of trim were used to create an intermediate production batch of oil. Some of that oil is then used to create four separate production batches of concentrate and edibles. Transfer or sale packages should be pulled from the production batch to their own package tag before sending to a dispensary. Do not send out production batch tags or any tags that contain testing results. By keeping production batches in the manufacturer, the traceability is preserved. So now we're going to kind of show you how we do this process in Metrc. So, 1st you go to the packages area in Metrc. Then you're going to identify the packages you plan to utilize for the production batch. Highlight the packages by holding the control key and selecting the lines of product in which you would like to include. Once you are ready hit the new packages button. Note the amount of raw product being taken from each package. Once an amount is entered, it will display the remaining weight that will be left in the package. If the package will be zero after that weight is applied, it will ask you if you would like to finish the pack. Next, you will fill in the information about the package being created. You will add in the new tag, the room or location. The item, the quantity of the item created, only use final yields, the unit of measure, and the package date. You will then select the production batch box. At this time, the production batch number field will become available to utilize to enter the production batch number. Please note the production batch number field is to input a unique identification system for production batches. This field is required. After all the information has been entered and checked for accuracy, select the create package button. Next verify that the new production batch package has been created and the weights of the source packages were correct using the package history. If an error was made in creating the production batch package, the new package should be discontinued and the weight or count will be returned to the source package so that the production batch can be remade correctly. Once the production batch package is created, the lab testing status will be not submitted, and the lab results from the parent package will not carry to the newly created production batch package. Mandatory testing is to be performed on the final marijuana product

equivalent. To what will be dispensed. Where marijuana will be sold in a method of administration, the marijuana product must be sampled after it's been processed into its method of administration. All other marijuana products may be sampled in bulk after all processing of the harvest or lot is complete. Testing should be completed from the production batch tag. Transfer or sale packages should be created before sending out. Do not send out tags with which mandatory testing has been completed. If the sample tag was pulled from the tag, that tag should stay in the originating facility. And now we're just going to go ahead and watch the Metrc training video regarding the creation of production matches.

Metrc Training Video: Welcome to the Creating a Production Batch Metrc training. A production batch is created any time chemically or physically alter an item, process an item, or add anything to an item. Here we see a basic example of the manufacturing process for edibles. We start with four packages of plant material where each package contains 2500 grams. Those 2500 gram packages, or 10000 grams total of plant material, are used in a production batch to create 4000 grams of BHO oil. From there, we take our oil and create four final production batches of edibles. In this case; chocolate chip cookies, mints, and brownies. The 4th final production batches are in bulk and are likely then packaged into cases which will be the final form sent to the retailers and sold to the consumer. Please do not send out your production batches. The transfer or sales package should be pulled from production batches, and then finished once they have a zero quantity. By keeping the production batches in the manufacturer's license, you preserve the traceability of that production batch, and any history of packages made from it. The progression of the unit of measure is evident here as well. Notice that we start with the grams of plant material, which gets changed to grams of oil. And then, the unit of measure for the package becomes each when we create the edibles. Here's an example of an instance where the manufacturer would create a package that isn't a production batch. If a production batch of edibles - chocolate chip cookies five pack for example - is repackaged to create a transfer or sales package, that would then be included on a transfer manifest to be sent out to another license. Understand your state's rules and regulations regarding when and at what stage your product needs to be tested. Next, we'll go through a demo of the information we just discussed. To begin, we will create an intermediate production batch of oil. Highlight these three packages of plant material and click on the new package button. Enter the information including the new item we are creating, adding a note. Enter the quantity created. In this case, take 602.27 grams of concentrate. And then show that all the plant material from the source packages was used. Here's our new production batch. Notice the production batch is reported, not submitted under the testing column because we have not yet submitted this package for testing. Next, take the test past

concentrate, and create a production batch of chocolates chip cookies from it. Following the same process of highlighting the concentrate, clicking on the new package button, and then filling out the information in the pop-up including the new unit of measure for each. At this point, we are only using a portion of the concentrate package, so enter the amount used. Check all information and then click on create package below. Here is our bulk production batch package of chocolate chip cookies. Notice the new production batch is now reporting, not submitted under the testing column. We can't do anything with this package until the required testing is completed and passing results have been received. Please understand your state's rules and regulations for when and at what stage your product needs to be tested. If you have any questions from the information covered, please call our email our support line at 877-566-6506 or support@metrc.com.

Jason Brooks: Excellent. We are going to open up for questions at this time. Do we have any questions currently in the chat? Nothing currently. We'll give 5 minutes for folks to type in any questions they may have, and we'll answer anything that comes through after that. If there are no questions, we'll go ahead and proceed with transfers and the transfer hub.

Megan Bailey: Yeah, we did get a couple questions ahead of time, so I will go ahead and answer those now. One that we got was, "How do you reassociate a rejected package back to the original tag?" So, if you created a package, it got sent to a dispensary and they rejected that package, it comes back to you. If you're not going to use it in another order, you would want to repackage back in with that original source tag that it came from to maintain that traceability. And then we had another one of, "Testing production batches and final form versus final packaging?" Basically, you just want to ensure that all processes are complete, and the last step would be packaging before you test in that bulk form. Other than that, I know there's been some questions regarding processes and kind of how it aligns with Metrc. I would recommend the permitted licensee activities document that came out not too long ago. It does give a good breakdown of the different processes that are happening per facility, and you can kind of see how those align with Metrc as well.

Jason Brooks: We dropped a link for that in the chat.

Dylan Roebuck: We did get a question. What details would you like to see in the notes for each production batch?

Megan Bailey: Honestly, as much information as you can provide the better, definitely any loss, any unexpected loss, really any information that you can

give that will give a clear idea of kind of what happened during that process the better.

Jason Brooks: Anything else? Okay, we're going to go ahead and proceed then with the virtual transfer and transfer hub portion. If you think of something about production batches and you want that question answered, please feel free to go ahead and put that in the chat. We'll come to it at the end of this, this next presentation. So, we're going to turn it over to Bruce Dooley to talk about our next section.

Bruce Dooley: Hello, my name's Bruce Dooley and I am the Facility Compliance Manager. So, the purpose of this presentation is to explain expectations regarding virtual transfers. And the use of the transfer hub in Metrc. We will review when virtual transfers are required, how they are requested, and what is required in the transfer hub. So, rule requires that licensees ensure the accuracy of information entered into the statewide track-and-trace system, but sometimes errors are going to occur, and we need to take measures to correct them. One of these measures is a virtual transfer. So, if a licensee made a mistake during intake of a shipment such as accepting packages in Metrc but physically rejecting the packages, which are then sent back to the originating facility, now there's a mismatch in the Metrc inventory and their physical inventory. So, the licensee would need to complete a virtual transfer to ensure that physical inventory reflects their Metrc inventory. So, here's more specific example: let's say that a manufacturer created twenty vape cartridges, so twenty each, and they're going to send ten to the dispensary, but on their manifest information, they accidentally mark it as the full twenty, and so the dispensary accepting the package with a quantity of twenty each, but they only actually received ten physically. So now they have a mismatch between what they have in Metrc and in their physical inventory, so they need to request a virtual transfer to return ten of them virtually to the originating licensee to reflect the amount that they received. So like Brittany mentioned earlier, just because Metrc allows you to do something doesn't mean that it's necessarily the accurate way of recording information in the system and what's expected and required. So, in a situation where a virtual transfer is required, do not use a package adjustment. A package adjustment would reduce the number in your Metrc inventory to accurately reflect what is in your Metrc inventory, but it doesn't address the broader issue, the broader discrepancy between the facilities. So, in the example that we just had where ten were physically sent, but there were twenty packages, if that dispensary reduced it with a package adjustment. Then according to Metrc, what happened to those ten products? They disappeared, they never existed, and that's not accurate. Those products are actually still at the manufacturer, and that's the reason why we require virtual transfer is that that makes sure that the overall

inventory is accounted for. Of course, despite best efforts, these transfer manifests errors will occasionally occur, and here are the steps to follow in order to correct them with a virtual transfer. So, first you're going to notify Metrc at support@metrc.com and a ticket will be generated. Metrc is then going to refer you to the state for approval. The process starts with them, but it requires state approval for these to go through. So, you're then going to email cannabis compliance. At health.mo.gov and of course make sure to copy your compliance officer, and you want to include the Metrc support ticket information that you received and the manifest number in your email. You're also going to explain how and why the issue occurred resulting in the need for the virtual transfer as well as the steps implemented to avoid this issue in the future. On that note, it's especially important to follow through on inventory control solutions to prevent future discrepancies. That's the reason why we asked for that plan. Frequent errors demonstrate a failure to maintain inventory control systems and procedures to ensure the accuracy of information as required by rule. So, take the opportunity to address the source of inventory issues before they escalate. Violations of rule may result in penalties. So, per rule, each licensee involved in a transfer is responsible for accurate inventory information. So that, whether it's the licensee that's creating the initial manifest or if you are receiving it. So, the originating licenses are responsible for the initial inventory and manifests. Transporting licenses must compare inventory and manifest before accepting it for transport. And then the receiving licensee must compare inventory and manifest before accepting, and reject and return packages that differ from the manifest. You can't accept a partial package you'd need to reject the entire package. So, when you review the manifest, this is the information, if this information is not present, has not been completed accurately prior to transport, the name of the facility agents transporting the marijuana product, the date and approximate time of departure the date and approximate time of arrival and the anticipated route of transportation. During transport must be recorded the actual date and time of departure, and then after transport, the actual date and time of arrival and the actual route taken, and finally, the date and time received at the destination licensee. Now a lot of this information is pulled from our DCR guidance on inventory errors and discrepancies that's located on our facility communications and guidance page. I recommend looking into that and of course being familiar with any of our guidance documents on that page. We also provided the Metrc support bulletin that has the information for using the transfer hub in Metrc and then also Metrc training video related. If you have any more detailed questions, make sure to reach out to your compliance officer and keep you apprised with the situations.

Jason Brooks: Fantastic. Any questions in the chat? No questions at this time. We'll do the same. We're going to give 5 min to give you guys an

opportunity to type in any questions you may have. There were some initial questions suggested, I believe we've answered most of those within this presentation. Perhaps that last question about, "Are manifests able to be edited to correct a mistake once the driver has accepted in the hub but hasn't left the facility."

Bruce Dooley: No, I don't believe that - so - it needs to be correct when it initially leaves the facility.

Jason Brooks: So in other words, they should observe that before it gets to that point and ensure that it is accurate.

Dylan Roebuck: We did get a question. "What was the website to email or email address for virtual transfers after you make a support ticket?"

Bruce Dooley: It is what we consider the compliance inbox, and that is cannabiscompliance@health.mo.gov. It's the one that you'll usually use for a lot of requests for compliance issues. And generally, if you're going to be sending something to that, you should also copy your compliance officer. Applies to this and it's also just a good rule of thumb for anything that's going to that inbox.

Jason Brooks: Looks like there was another question.

Dylan Roebuck: Yeah, it says, "Are you all open to considering how you receive virtual transfer information from licensees?"

Bruce Dooley: Yeah, so I will always say I'm open to hearing anything. So, without knowing more specifically what that would entail, let's see here. So, I'm just reading the follow up to that. This is from an Oregon compliance manager, and they have a website set up to make the process easier. Oh, so as far as improving our processes. You know, anything that we currently have that's to an email, I am sure we would like to look into how things can be automated and made more easily available to the public. That is something that we are absolutely looking at. I'll go ahead and feel comfortable saying across the board, how we could make those kinds of improvements, and so feel free to send us examples of what people are doing in other states. We are looking for that information and we're always happy to have it passed to us. So absolutely we'll definitely consider what it could look like for Missouri.

Jason Brooks: Great question. Yeah.

Dylan Roebuck: And I did keep that link so we'll look into that example. Thank you for sending that.

Jason Brooks: Any other questions in the chat?

Lindsey Rutz: Okay, we have, "Virtual transfers for items that were on administrative hold. What happens when the manufacturer fails to pick up the approved transfer?"

Brittany Kirkweg: So, it may be helpful to reach out to the compliance officer on that specific question. But I know for products that we have on administrative hold; we do have processes in place for that product to be transferred to another licensee for storage or for disposal and those requests are available online. If there's an issue with transfer of one of those products that are on administrative hold that you've received approval, the department would remove that hold, and then place it after the transfer has been - place it back on hold after the transfer has been completed. And so, if the virtual transfer is needed for an item because there was some issue with the inventory, please reach out to the compliance officer because we'll want to go through that especially with the product that is on administrative hold, so we'll kind of want some more information. So hopefully that answers your question. If it doesn't, please reach out to your compliance officer and we'll get that answered for you.

Bruce Dooley: Yes, and so seeing that admin hold items that were to be returned have not been picked up and the time element is closing. So you can be communicating with your compliance officer through that process, we do try to, you know, set a timeline to ensure that items are returning to hold after the transfer, and so if there is any kind of delay with that, then if you just make sure to communicate with your compliance officer, then we can work around that.

Jason Brooks: Again, not your last opportunity to ask any questions. You can absolutely make suggestions, ask questions to your compliance officer, or to that compliance email that we shared here. You guys will get this presentation after these sessions are done. It may take a few days for that to get released to you guys, but you will get this information so you would have all of these links, these email addresses and all of this information handy as well, so. But definitely continue to ask questions, provide suggestions to us. We are open to all of those things. So, one last check, any other questions in the chat, ok? And then we are going to turn it over to Don for some closing remarks.

Donald Kinkhorst: Thank you all for attending today. We do appreciate it very much. You know, these are for you, so any of that feedback that you could provide is going to help us develop future training for you. I want you

to know that we always want you to talk to your compliance officer as a first contact point, but if resolution is not made there, definitely feel free to reach out to myself, Bruce, Jen, or Brittany and we will see how we can further help you. So again, thank you all for your attendance today and look forward to your comments so that we can make these trainings more beneficial for you.

Jason Brooks: Excellent. Again, you will receive a survey immediately when we finish this. Please take the time to complete that survey, give us your recommendations, your thoughts on this presentation. Those things are definitely looked at, assessed, taken into consideration, and we want to know what more you want to learn in future sessions, so please take the time to do that when you receive it and that resolves our session for the day. Thank you all again for attending. I look forward to seeing you all on the next session.