

CNMI Cannabis Commission
Regular Session Meeting Minutes
November 5, 2019

I. Call to Order

The sixth meeting of the CNMI Cannabis Commission was called to order by Chairwoman Nadine Deleon Guerrero at 2:28 p.m. on November 5, 2019, in the Commonwealth Casino Commission Conference Room, Saipan.

II. Roll Call/Determination of Quorum

Nadine Deleon Guerrero, Commissioner representing Saipan
Matthew Deleon Guerrero, Commissioner representing Saipan
Valentino Taisakan Jr., Commissioner representing Northern Islands
Journie Hofschneider, Commissioner representing Tinian
Thomas Songsong, Commissioner representing Rota - **via teleconference**
Joseph Deleon Guerrero, Special Advisor (SA) on Cannabis Industry for the Office of the Governor
Gilbert Birnbrich, Legal Counsel for the Office of the Governor

III. Consideration and Adoption of Agenda

- Chairwoman Deleon Guerrero (Chairwoman) made a motion to approve the agenda; Discussion: Vice Chairman Deleon Guerrero (Vice Chairman) raised setting a schedule for “regular session” meetings (monthly) and made a sub-motion to amend this agenda to identify this meeting as a regular session meeting for the month of November. Treasurer Taisakan (Treasurer) seconded. All members voted in favor of the motion. SA established that the Commission has more than met the required monthly meeting (meeting at least 3 times a month).
- Members voted and agreed to make today’s meetings a “regular session”.
- Vice Chairman moved to adopt the agenda as amended; Secretary seconded. No discussion. All members voted in favor of the motion.

IV. Consideration and Adoption of Minutes of Prior Meeting

- Vice Chairman made a motion to approve the October 23rd meeting minutes; Treasurer seconded. No discussion. All Members voted in favor of the motion.

V. Public Comment

- Vice Chairman verified that there were no members of the public present; therefore, no public comments were made to the Commission.

VI. Old Business

1. AG's October 10th Response to the Commission's inquiries Re: Issues raised during the Commission's October 1st Meeting

- SA provided an update on the LSR submitted to the AG for representation on November 5th; however, there was no response to the request.
- Deputy and Mike Ernest were not able to attend due to illness. They are aware that the request is for today (Nov 5) and tomorrow.

2. Discussion of commercial regulations

- Members reviewed sections of the commercial regulations beginning with Package #1: Application Procedures and Commercial Licensure – Petitions for Rulemaking (taken from Casino Commission Regulations)
- Vice Chair stated that in this section there are identified gaps in citation which requires AG’s assistance to ensure sections are appropriately referenced. Formatting is required as well.
- Vice Chair questioned whether the Commission should require energy and water usage (required in Oregon). To avoid pipe theft.
- Lounges – Vice Chair added in a requirement on the form to include a description and rendering of interior design to ensure it meets an aesthetic standard.
- Fees – added to the regulations per the Act with the exception of (b) research certificate; Vice Chair added these fees (application and license) per Oregon regulations.
- Violations – sections have mostly been removed for review later; perhaps a scale of violations based on violation.
- Denial of Application – distance criteria from prohibited establishments such as public or private school (entire boundary of the school), church, etc. Subsection (e) should reflect consistent language
- Discussion regarding what application documents are OGA releasable – ie. Floor plan could be a sensitive document as it details the establishment’s security measures.
- Surveillance – Regarding the requirement for surveillance cameras; Secretary shared her experience from regulating cannabis in BC where the regulatory body mandated the licensee have surveillance over the entire establishment; however, left it to the Compliance and Enforcement team (inspectors) to ensure they are operational and appropriately placed in the establishment.
 - Recommendation to add a declaration on the application that requires the applicant to agree to this requirement.
- Labs – standardized scale (labs) and the Commission adopting Commerce regulations to ensure measuring the marijuana that it is measured by an approved measuring apparatus; requires AG to cross-reference.
- Laboratories – differences between lab scales and commercial scales
- Limited access areas – storage and areas only for employees; licensees must provide their employees identification; Secretary mentioned BC

practice where the floor plan where the license areas are outlined in the patron retail area and the areas that patrons are prohibited.

- SA mentioned protocols of what employees can do and where, seed to sale – establish who is authorised to go into the facility.
- Worker ID section was removed from the regulation draft. Secretary discussed BC’s Worker Registry Card which approves the individual to be employed in a licensed establishment; further conversation included ideas for training individuals based on the type of licenses they are involved in.
- Members agreed for processors (#8, page 3) that processor workers should have their criminal record check done.
- Sections of the draft were divided amongst the members to update for the final draft version to submit to AG.
- Signage – “No minors permitted anywhere on this premises” suggestion to have templates available online that meet the statute requirement for licensees to download and post.
- Discussion to test regulations – to ensure we have a process that will work for the CNMI and collaborate with other agencies.
- Discussed page 9, subsection (c) – Secretary recommended added a self-declaration question on the application regarding financial interest in the business.

RECESSED Chairwoman called a recess at 3:24 p.m.

IN SESSION Chairwoman called the meeting to order at 3:32 p.m.

- Denial of Application: Zoning – zoning doesn’t apply to Tinian and Rota; the Commission has the authority to determine the “Cannabis Zones” and “cannabis free zones”.
- Members agreed to meet with the zoning department to discuss their process, including grandfathered establishments.
- Discussed focussing on producer regulation and application before other application and license types.
- Discussed the importance of reviewing the regulations taken from Oregon and ensuring they are reasonable for the CNMI given that the industry is just starting up here and does not yet have the sophistication of the mainland. In addition, consideration of implementing a robust regulatory framework while eliminating unnecessary complex rules.
- Discussed disposal of products – licensees should maintain a registry of disposed product and accountability of inventory (CTS in the future) and safety of the disposal; perhaps an agency or impose ways licensees can dispose of the product.
- Discussed having foresight in making rules to prepare for potential decriminalization of cannabis.
- Secretary discussed how BC’s cannabis branch is structured: Policies are developed from the Act and Regulations which allows the flexibility

to easily change/remove/add policies without having to go through the process to have statute changed. Secretary commented that this is helpful to address trends that come up that requires policy. Also, with policy, the regulator can apply discretion to policy (because it isn't law) which would allow licensees the opportunity to appeal a denial and demonstrate how their proposal is unique and compelling. Policy could be created for each license type specifically around waste disposal that would meet the regulations.

- Vice Chair commented that it would be helpful to have a dedicated counsel to ensure we are following the Administrative Procedures Act. Vice Chair recommended we develop a schedule for reviewing the regulation, piecing sections out in preparation of sending the drafts over to AG for review and be strategic on how we implement.
- SA brought up producers selling to processors and taxing. Gill brought up liquor taxes.
- Vice Chair recommended we add policy/licensing requirements to the application forms. Recommended we focus on producers in order for product to be available, we shouldn't have micro producers without wholesalers followed by micro producers but within a co-op structure.
- Discussed meeting with stakeholders in the following week to discuss implementation of different license classes.
- Chairwoman proposed having the producer draft regulations completed and ready for AG review by end of following week.
- Discussed having dedicated counsel representation for consistency purposes. SA suggested writing a letter to AG requesting dedicated counsel and suggested Gil draft it. Discussed ethic rules between government and private attorneys. Discussed the supreme court order that allows for representation.

Action required: Gil will review previous letters that he has written.

- Marijuana Producers – Privileges; Prohibitions
 - (a) #2 (ii) strike “non-profit dispensary”
 - (a) #3 (iii) strike “marijuana lounge”
 - (a) #4(ii) include “or certified waste disposal company”
 - Strike (a) #5
- Marijuana Producers – Start-up Inventory
 - (a) #1 – September 1, 2019 – March 1, 2020 – can receive immature plants and seeds within this time.
 - (b) and (c) – Change 90 days to one year
 - (c) – need to work out violations in the future (classes of penalties that could result in revoking the license)
- Pesticides, Fertilizer and Agricultural Chemicals
 - Chairwoman, Secretary and SA met with BCEQ and found out that there are no approved pesticides for cannabis at this time;

there are approved pesticides for other uses. BCEQ follows FDA and EPA regulations

- Discussed creating a Producer fact sheet to submit with the draft regulations for AG review.
- Chairwoman raised the question of whether to implement CTS or tracking measures. SA advised that if we don't implement CTS, then we may want to develop our own tracking process such as tagging.
- Discussed the number of producers that we should consider licensing and then discussed one or two producer per island to test out the system.
- Discussed limiting producers to indoor only due to the challenge of security. ie. Warehouse
- SA asked if we will require product to go through lab testing and that we will need to discuss this at some point. Considering cost-effectiveness due to varying volumes. He supports a lab opening, for medicinal, and an incentive for recreational for patrons to understand potency. Inevitably the market will determine the necessity for this.

RECESSED Chairwoman called a recess at 4:36 p.m.

IN SESSION Chairwoman called the meeting to session at 4:44 p.m.

- 10 am – time for next meeting tomorrow, November 6th
- Secretary created a template to use when going over a section of the regulation and license type in order to structure the implementation order/processes i.e. stakeholder meetings, procedures, system requirements, staffing resources, implications to consider
- High level what's involved in any of the license infrastructure
- Chairwoman stated that we should finalize discussing Producers and have a draft sent to AG by end of the week

RECESSED Chairwoman called a recess at 4:50 p.m.

November 6th

IN SESSION Chairwoman called the meeting to session at 10:36 a.m.

- Chairwoman made a motion to hold off on talking about commercial regs, chair table until matt returns, Secretary seconded, no discussion; all members voted favorably for the motion
3. Status on setting up of Tinian and Rota satellite offices
- Secretary gave an update: Honorable Mayor Aldan, Allen Perez and Secretary met and discussed the use of an office and administrative staff; will train them and get them up to speed

- SA asked if the MOT has newsletters for updates; Secretary responded that he has a Facebook page and that she provides regular updates
 - Commissioner Songsong – has the office space at DLNR and briefed the Mayor about the satellite office
 - Chairwoman asked about a landline – Commissioner Songsong said the number would be DLNR’s office number; Secretary said it would be the MOT’s office number and would be transferred once a number was established.
4. Procurement status on setting up of Saipan office
- Chair had a couple meetings with the procurement director; she thought she had to get Marianas Variety and Saipan Tribune quote, so pending two quotes she’ll be able to submit for an ITB publication - Springs Plaza quote for 3000 sq ft. chair has official quote- discussed current location – limited parking; however, great location. Biggest issue would be parking. Lots of space, would need to work on partitioning the office. Perhaps too big of a space right now. Chair likes it, central and clean but a bit too big right now.
 - Nauru building matt and SA looked at (360 building on 7th floor), Treasurer viewed the office. It is move-in ready, 2875 sq ft on 7th floor. \$4843/month without utilities. Secretary mentioned we did not need a lot of space right now. There is also one on the second floor, 1,400 sq ft and it’s 1890/month (suite 211). All members agreed to stick to a space that is small due to the limited operational requirements during the beginning phases of implementation.
5. Status of Citizen's Centric Report to OPA
- Chair made a motion to table this topic until Matt arrives and we met deadline due to matt’s efforts. Website: COMmonwealthOPA@cnmi.com
 - Members looked at it on the CNMI public auditors website
6. Discussion of Executive Assistant hire
- Chairwoman gave an update: according to law, we are not obligated to hire the executive secretary through a formal process
 - The person would work more with the commissioners
 - The PD can be developed and hired by the commission and would be brought on by the managing director
 - Chairwoman asked if we needed to post a job – SA and Gill said that we are able to just hire someone but still discuss with OPM to ensure we cover all of the paper work necessary
 - Chairwoman reviewed PD specifically going over duties of the EA (act as an Administrative Officer).
 - MD comes in next week Tuesday; Chairwoman said if we know anyone to ask them to email their interest and resume to hr@cnmicannabis.org. Salary range is 35k max.

- SA mentioned we want someone that has experience in TAs, PA, POs, understands filing, clerical etc. would have to reside in Saipan. Tinian and Rota can apply
- Members determined that the PD would change PD requirements to “preference given to” someone with an educational background
- Chair said, no background required but yes to drug test
- Deadline for application is Friday Nov 22nd

RECESSED Chairwoman recessed at 11:03 a.m.

IN SESSION Chairwoman brought the meeting back in session at 11:08 a.m.

7. Update of Budget Proposal
 - Chairwoman requested to table this topic to later today
 - Gill confirmed that a decision without objection is fine, if tabled to the next day, then you should make a motion and vote.

8. Status on Commission Logo
 - Secretary advised that she cancelled the request for her contact to design the logo and that we task the MD to take care of the logo
 - Chairwoman made a motion to table this until Tuesday’s meeting; Secretary seconded, all members agreed to table logo until MD began work

VII. New Business

1. Discussion on other options for Saipan office
 - Discussed the Springs Plaza rent, Treasurer discussed the 7th and 2nd floor
 - SA gave update usually 150 per sq feet but they gave a discount \$1.25 a sq ft.
 - SA mentioned the office space is more move in ready than the one located at the Casino Commission; it has partition. They have two enclosed offices (ED and Chair), kitchenette. It has ADA compliant, centralized, restaurants downstairs, generators in case of power outage, has capability for wifi/video conferencing. Room to grow. SA will find out when they will be vacating. There are other offices over by the old CDA building; however, a lot of renovations would be required and didn’t bother getting quotes for it.
 - SA asked Gill about the difference between ITB – give the parameters and it comes down to do the offices; RFP must be approved by procurement and is more flexible than ITB

2. Special Advisor's Report
 - SA mentioned held off on post office box until we get the executive assistant hired so that the names can be added to the authorized list; for the meantime, he asked the RSAA to continue to use the Governor's postal building and can use that for now and we can add it to the letterhead. SA will collect mail and bring it to the meetings
 - Scheduling a meeting with zoning
 - Members agreed to separate regulations into committees
 - Dec 19 8am – 18th

Vice Chair joined the meeting and provided an overview of the additional funds we will be requesting for operational implementation of cannabis licenses. Vice Chair and Treasurer to work on a cover letter to go with the proposal for Chairwoman's signature

RECESSED Chairwoman called the meeting to recess at 11:45 a.m.

3. Recap for next meeting's Agenda
4. Scheduling of next meeting
 - November 20, 2019, 10:30 a.m. – Casino Commission Boardroom

IX. Adjournment

- Chairwoman made a motion to adjourn the meeting at 12:02 p.m. Secretary seconded. No discussion. All Members voted in favor of the motion.