



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS  
**CANNABIS COMMISSION**



BLDG., #1341, Ascencion Ct., Capitol Hill  
P.O. BOX 500135 Saipan, MP 96950  
Email: [info.cnmicc@gmail.com](mailto:info.cnmicc@gmail.com)  
Phone: (670) 488-0420

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A regular meeting of the CNMI Cannabis Commission will be held on **Friday, January 26, 2024 at 10 A.M.** at the office of the CNMI Cannabis Commission Conference Room at Ascension Ct. Bldg. 1341, Capitol Hill, Saipan.

AGENDA

- I. Call to Order
- II. Roll Call/Determination of Quorum
- III. Consideration and adoption of Agenda
- IV. Consideration and adoption of Minutes of prior meetings
- V. Public Comment
  
- VI. New Business
  - a. Discussion on published producer moratorium
  - b. Discussion and voting to repeal or not published regulations.
  
- VII. Public Hearing
  1. Cannabis Application No. C-0923-0038-SPN – Sidney T. Quan dba Da Dankery, Marijuana Producer - Class 1, discussion and voting
  2. Cannabis Application No. C-1123-0039-SPN- Max Investments, LLC. dba High Grade Dispensary, Marijuana Retailer, discussion and voting
  
- VIII. Acting Chairman Report
  
- IX. Managing Directors Report
  1. HPO Renovation; discussion
  
- X. Executive Session
  
- XI. Adjournment

Copies of this notice and agenda have been posted at the Administration Building Entrance Hall, House of Representative Entrance Hall, Senate Entrance Hall, and [www.cnmicc.com](http://www.cnmicc.com), the CNMI Cannabis Commission's official website.

Written comments on the agenda may be submitted to the office of the CNMI Cannabis Commission located at Ascension Ct., Bldg. 1341, Capitol Hill, Saipan or emailed to [info.cnmicc@gmail.com](mailto:info.cnmicc@gmail.com) before 10 A.M on January 26, 2024. Oral testimony shall only be presented during the public comments portion of the agenda.

**CNMI Cannabis Commission**  
**Regular Session Meeting Minutes**  
**January 26, 2024**

**I. Call to Order**

Acting Chairman Juan Iguel called the CNMI Cannabis Commission's meeting to order at 10:07 a.m., which was held at the Office of the CNMI Cannabis Commission Conference Room located at Ascencion Ct., Bldg. 1341, Capitol Hill, Saipan.

**II. Roll Call/Determination of Quorum**

The commission's executive secretary, Ms. Natasha Palacios, called roll of the commissioners as follows:

- Commissioner Thomas Songsong [Secretary], representing Rota, was present, via Microsoft Teams video conferencing;
- Commissioner Jose Palacios [Member], representing Saipan, was present;
- Commissioner Journie Hofschneider [Vice Chair], representing Tinian, was present; and
- Commissioner Juan Iguel [Acting Chair/Treasurer], representing the Northern Islands, was present.

The acting chair thanked the executive secretary and confirmed quorum of the commissioners to conduct its meeting.

**III. Consideration and adoption of Minutes of Agenda**

Vice Chair Hofschneider motioned for the adoption of the agenda, seconded by Commissioner Palacios. All commissioners voted in favor of the motion; motion carried.

**IV. Consideration and adoption of Minutes of prior meetings**

Secretary Songsong stated that the *August 18, 2023*, meeting minutes, which is a continuation of the August 17, 2023, meeting, in addition to the *August 31, 2023*, meeting minutes were submitted [to the commissioners] for review and being that no amendments were suggested on the above-mentioned meeting minutes, motioned for their adoption; seconded by the vice chair. All commissioners voted in favor of the motion; motion carried.

**V. Public Comment**

The acting chair opened the floor for public comment and asked the members of the public present in the meeting to limit comments relative to the agenda and to five minutes. There were no public comments.

## **VI. New Business**

### **a. Discussion on published producer moratorium**

Acting Chair Iguel opened to floor to the board members for discussion and mentioned that the matter was already discussed in a previous meeting but is being brought back for further discussion to afford Commissioner Palacios with information he may have missed for clarification or any questions he may have, and formally welcomed back Commissioner JB Palacios whom the governor recently swore in to the cannabis commission.

Commissioner Palacios indicated that he was good about the published producer moratorium.

The acting chair then stated that the producer moratorium was published on December 28, 2023, and that the ten-day period expired on January 07, 2024, which is the effective date of the moratorium, and that no public comments were received on the producer moratorium.

An unnamed individual [attorney] present in the meeting inquired about public commenting on the published moratorium.

The acting chair replied that the opportunity for public comment on the agenda had passed.

The unnamed individual said that he thought it was general comments about the agenda, not about the moratorium; the moratorium seems to be the subject matter.

The acting chair indicated that he did mention to the members of the public present at this meeting the opportunity to comment regarding whatever is on the agenda.

The unnamed individual asked the acting chair if he would make an exception if he could make a comment now.

The acting chair consulted with AAG Keisha Blaise if the meeting could go out of order to allow a member of the public to make a public comment.

The AAG replied that she believes the moratorium was on the agenda for public comments back in November, so that was the time to make public comments about the moratorium.

The unnamed individual said he just had a technical question about it and then said that it looked like it was not approved; it was published on December 28<sup>th</sup>, but it seems like it was not approved by the attorney general until sometime in January, and wondered how it could be and did not understand it; the attorney general's signature was sometime in... [indistinct].

**RECESS:** Acting Chair Iguel called for a quick recess.

Subsequently, the unnamed individual thanked the acting chair for taking his comment and introduced himself as Richard Miller, an attorney in Saipan representing Sidney Quan, and said that he reviewed the publication in the Commonwealth Register of December 28<sup>th</sup> and noted that the AG's approval was dated January 14, 2024, and did not understand how it could be published in the register before it had been approved by the attorney general, it was also signed by Commissioner Iguel on the 29<sup>th</sup>, yet it was published on the 28<sup>th</sup>, it did not make sense to him; it seems to him that it should have been published in the register in January following all the appropriate signatures, not before it had been signed by everyone.

The AAG indicated that it was published in January [2024] and said that she does not know why the date is there, but it was published in January.

Mr. Richard Miller asked the date it was published in the register in January, it is showing December 28<sup>th</sup>.

The AAG said she understood Mr. Miller's statement and indicated that there was a delay of some sort, which is why it was published a little later than that.

Another unnamed individual [possibly Mr. Josh Sasamoto] expressed that it was just said January 7<sup>th</sup>.

The AAG said that it should be effective the date it was published.

[Mr. Josh Sasamoto?] asked if that was the effective date of publication. The AAG acknowledged that is correct.

Mr. Miller indicated that is what he is trying to find out, what was the date it was actually published in January, if it was published after the attorney general had signed off... [indistinct]

The AAG replied that it was effective per the attorney general's signature and could look into the exact date that it was published but that there was a delay in publication of all of the register.

Mr. Miller apologized and asked the AAG who she was.

The AAG introduced herself as Keisha Blaise, assistant attorney general, and reiterated that there was a delay in publication because of the holidays she believed but could furnish Mr. Miller with the specifics to his inquiry.

Mr. Miller thanked the AAG.

Acting Chair Iguel then asked if there were any more discussions on the producer moratorium. There were no further comments or discussion.

**b. Discussion and voting to repeal or not [repeal the] published regulations**

The acting chair stated that this regulation went to the register at about the same time as the producer moratorium and that there was a delay with the AG's office; the commission was unable to remove the regulation which decreased the application fees [and license fees] for the municipalities of Tinian, Rota, and the Northern Islands; at a meeting with the legislature, Representative BJ Attao commented that the commission should look into the matter further and cautioned the commission with its decision because the cannabis law is a CNMI wide law and if fees were reduced for the three municipalities, it should be applied across the board for all municipalities rather than leaving out Saipan.

The acting chair said that this matter is being brought up today for discussion, not necessarily to vote on it; it could be discussed and carefully considered and that he had consulted with the legal counsel about the matter.

The AAG inserted that she had a written opinion on the issue coming. The acting chair acknowledged.

Commissioner Palacios added that when that matter was raised by Congressman Attao, his [Palacios'] response was the same line that he used [from Public Law 20-66], which was, the cannabis commission shall implement rules, regulations, policies, etc., and

therefore, the commission has the authority to do so; prior to that, if this was to be implemented, the commission cannot do it unless it includes Saipan; so that is where the conflict seems to come in, where if the statute say the commission has the authority based on Public Law 20-66, the enabling legislation, giving the commission that authority to implement rules, regulations, and policies as such, but then being told that the commission does not have that, but then turn around and say the commission has the authority to tell them what methods of payments they can receive; in one hand it is said that the commission has the authority to do something, and then the other hand says the commission does not have the authority to do another thing, so, it is either the commission has the authority or not; as a compromise, and everybody may be happy with it, he [Palacios] spoke to them [legislature] about it to include Saipan; in fairness, that decision [fee reduction] was made back in August [2023] and since then, let's be honest and frank, it has been six months, nobody has taken the bite if you will to open up a cannabis shop on Rota, Tinian, or Pagan; in that same regard, if it is going to benefit the industry as a whole, then let us do it, include Saipan, because the commission has the authority, no more than twenty-five percent [reduced fee]; the commission has the authority, let's do that because it would help the current licensees; everything is said and done, the fundamental obligation is the current industry; how do we get this industry to be stable and to have a constant continuity; in retrospect, looking back, there has been a sense of stability, granted when fairness is said, what is fair today might not be fair tomorrow, but as long as it is with that mindset, that it's what is best for the industry; with that, motioned that Saipan be included and be voted on.

Acting Chair Iguel thanked Commissioner Palacios and recognized Vice Chair Hofschneider.

The vice chair said that the spirit of what the commission tried to do was to entice the other municipality, it was not to exclude Saipan, and expressed agreement [with the motion?]; what the commission is concerned with right now are producers and oversupply, basically licensing more producers and lowering the fees for Saipan as well still entices business, e.g., retail stores, lounges; that is why this matter is being reintroduced to be revisited and reiterated her agreement.

The acting chair thanked the vice chair and asked Secretary Songsong if he had anything to share.

The secretary indicated that he heard Commissioner Palacios mention about fee reduction for all the municipalities and recalled the commission's previous discussion with problems associated with an oversupply of cannabis and avoid repeating what is being experienced stateside; rather than have reduced fees for all licenses, in the case of

producers in Saipan, the alternative could be reduced license fees for all other licenses such as retailer, processor, etc., except producers; the main concern is about producers for Saipan, there may be too many producers to offer [that license category] a reduced fee; let's restrict producing in Saipan because the commission does not know how much cannabis supply is in the marketplace; let us offer, which was already discussed in previous meetings with Commissioner Palacios to reduce license fees for retailer, processor, wholesaler, lounge, etc.; let us keep the cannabis supply in check [in Saipan], and offer reduced fees in the other municipalities, keep an eye out on the producing part, that is a concern; offer reduced fees for other licenses for Saipan except producers.

Acting Chair Iguel thanked Secretary Songsong and recognized Commissioner Palacios.

Commissioner Palacios pointed out that is one of the reasons why the commission has the moratorium on producer license, so the commission has that part in check, while opening up other avenues which are the point of sales, and those would be the retailer, processor, lounge, etc.; by having that moratorium in place, that puts the producer part in check, therefore, the commission has some semblance of at least controlling oversupply, but at the same time allowing what is being supplied to be readily moved from shelf to consumer by opening up and making it more easier for those points of sales; that is why the moratorium applies to producer licenses and not any other licenses that acts as a distribution point.

The acting chair thanked Commissioner Palacios and added that he agrees with Commissioner Palacios' statement that the commission has the authority, which is why he asked the legal counsel for a legal opinion on the matter, and then left the floor open if the members are decided on voting on the matter or wait for the legal opinion.

Commissioner Palacios expressed that the opinion, either way, whether it says the commission does not have that authority, which then validifies what Congressmen Attao said, or the opinion says, the commission has the authority; it is not going to change the outcome if you will with whatever action is taken, it is not going to change it, it is the question of... [interjected by the AAG's insertion]

The AAG inserted, just to be clear, the legal opinion is not about whether the commission has the authority or not and that everyone is in agreement the authority is with the commission, it is just what that means and the concerns the legislature had.

The acting chair asked Commissioner Palacios if he will make his motion.

Commissioner Palacios reiterated that if the commission has the authority and it is something that would be beneficial to the industry, it is something that is going to contribute to attaining that sustainability of getting it off of the shelf and to the consumer and to points of sales, then his motion stands; vote on it and include Saipan because again, the prohibition for producers to control the oversupply as a concern is already in place; because that mechanism is in place to control it, now it's just place the mechanism to get it off the shelf and then from there, the commission could have a better read on whether the commission can start looking at lifting the moratorium.

Acting Chair Iguel thanked Commissioner Palacios and stated that his [Palacios'] motion is on the floor which is to repeal the published regulations, and that fee reductions be applied to all municipalities, and then recognized the executive secretary, Ms. Natasha Palacios, to call roll for voting on the motion.

Discussions followed on the published regulations being repealed... considered repealing and then amending... formalities and timelines...

- Based on discussions above and in consultation with the AAG, Vice Chair Hofschneider motioned to table agenda item 6 (b), seconded by Commissioner Palacios. All commissioners voted in favor of the motion; motion carried.

## **VII. Public Hearing**

### **1. Cannabis Application No. C-0923-0038-SPN – Sidney T. Quan dba Da Dankery, Marijuana Producer - Class 1; discussion and voting**

The acting chair introduced the agenda item and opened the floor for the Managing Director's (MD), Mr. Mikiotti Evangelista, presentation of the above application for the board's consideration.

The MD presented the following information: The applicant being a sole proprietor, cannabis premises' lot number and location, business hours, total cultivation area of 612 square feet comprised of an indoor grow area at 362 square feet and a greenhouse outdoor grow area at 250 square feet (producer class 1 allows for 750 square feet maximum), soil medium, essential oils pesticide, equipment and supplies, back-up generator, vegetative room, two flower rooms, estimated annual electric utility and water consumption, water sourced from a private water company, directions to premises, facility floor plans, security cameras/surveillance system, secured storage, ingress and egress, premises' security measures, signage, organic pesticides and nutrients, standard operating procedures, business license, employee badge, fire permit, weights and



measures license, perimeter fence, compliant with inspection requirements, etc., and concluded with his recommendation for a conditional approval until the outdoor cultivation area is fully completed and inspected.

Vice Chair Hofschneider inquired about cannabis waste disposal.

Commission staff Mr. Erik Basa said that the waste matter would be composted behind the exit area of the building.

Acting Chair Iguel opened the floor for questions from the commission members to the managing director or applicant.

Commissioner Palacios asked for clarification on the conditional approval and the timeline of the condition.

The MD replied that it would be similar to Max Farm's license where they applied for a producer class 2, but they only utilized a certain part of it for an indoor grow before moving to an outdoor grow; and so they were given a conditional approval to be able to use the indoor grow but not the outdoor grow until it has been setup and inspected.

Commissioner Palacios asked what the timeline would be on the conditional.

The MD replied that as Mr. Quan had stated, after he obtains an approval here, he can start working on the outdoor grow area; he is only utilizing a portion of his class 1 [cultivation area].

Commissioner Palacios expressed that he wants to avoid the commission getting itself into the same trap that was inherited with the conditional approval from prior, where a third-year extension was requested.

Mr. Basa explained that the application that was submitted was for a proposed indoor and outdoor greenhouse grow areas, and that is why it is a conditional license because during their inspection, the outdoor greenhouse area was not structured properly, equipment was not there; so, just as how the commission approved Max Farm's license where they were licensed to cultivate indoors, which is a fully staged grow from seed-to-sale, until such time the [outdoor] greenhouse is completed and inspected, and if everything meets the criteria, will be issued a full license.

Vice Chair Hofschneider expressed that she does not personally feel that the commission has to [include conditions?], this is different from Max Farms, the difference is, correct

her if she is wrong, is related to a separate licensee that was given an approval with conditions because of the fact that the area that was supposed to be used was not fully completed, which is different from this situation where this indoor grow area does have a dry room, a flower room, etc., that is just an extra piece outside that he would expand on later; for her part, she would say approve as is and when he is ready to make the change, then he can communicate it to the commission, that is what she would recommend; and further explained that the indoor cultivation area having dry room, flowering room, etc., is a complete setup, however, if it was lacking one or more of those components, it would be incomplete and not ready for operations; therefore, in her opinion, it would be fine to proceed with an approval without conditions.

Acting Chair Iguel stated the floor was still open and then called on Secretary Songsong if he had any questions.

The secretary said he had questions for the applicant, Mr. Quan, and asked if Mr. Quan was present. [momentary pause/Wi-Fi connection issue...]

The acting chair phoned the secretary via WhatsApp and informed him to continue with his questions telephonically while the executive secretary figured out the connection problem, and that Mr. Quan was ready to answer his questions.

The secretary thanked Mr. Quan for his time and said he had questions about the producer parts in his standard operating procedure and said that the producer parts of his SOP lacked in scope; however, he did like the mention of essential oil pesticides and that these [pesticides] are concerns the commission has with clean and safe products, as the SOP mentioned; he then asked when will pesticides be applied during the cannabis flowering stage.

Mr. Quan replied that for the flowering stage, pesticides would be applied before any of the bud sites are developed and once the bud sites start developing, they will stop the application of any pesticides.

Secretary Songsong acknowledged Mr. Quan's response and asked about the estimated weeks, weeks of flowering.

Mr. Quan replied that it would be strain dependent, but anywhere from six to ten weeks.

The secretary clarified that he meant in the application of pesticides.

Mr. Quan replied that pesticides would be applied in the first two weeks of flowering.

Secretary Songsong thanked Mr. Quan for the information and then said he wanted to ask this one question, he heard that some folks are apparently, quote on quote, using pesticides all the way through the day of harvest, and then asked Mr. Quan what his take was on that issue.

Mr. Quan replied that if pesticides are applied early throughout the vegetative stage and the beginning of flowering, there should be no use for pesticides in the later stages, other than if they [the plants] are already infected; so usually if pesticides are being used late into the flowering stage, it is because there is some kind of infection [infestation] or some kind of pest problem, that only makes sense for continuing to use pesticides during those [late] weeks of flower.

The secretary asked Mr. Quan how he felt about those products being sold to consumers if pesticides are being used all the way through to the date of harvest.

Mr. Quan replied that personally, he wouldn't recommend to do that or even consume because it is not known, there is no testing on the product now, so it is not known what is on the plant when it is harvested and dried because there is no testing; it is not known whether there is any metals or anything additional on the plant that shouldn't be there, which is why they try to refrain from doing that and just have an early healthy [plant] life from the beginning to the end.

The secretary thanked Mr. Quan for the information and said that he just wanted everybody to hear that.

The secretary expressed to Mr. Quan that it is interesting that he mentioned he would be getting into a subscription-based retail dispensary, although he is not there yet, and then asked that as a producer, does he have any agreements with licensed cannabis retailers or lounges for his product.

Mr. Quan replied right now he has no agreements with retailers or lounges, but he does have or is in the process with the zoning office of applying for his own retail license.

The secretary said that he asked that question because there was an incident with a producer having difficulties selling their product to retailers.

The secretary then inquired/stated that he did not recall the mention of CO2 use in the grow operation.

Mr. Quan indicated that he believed it was listed that he will be using CO2. Secretary Songsong concluded with his question on CO2 and asked what would be an unsafe ppm level in the indoor grow room for his employees or himself, what would be an unsafe CO2 ppm level.

Mr. Quan replied, anything above 1500 ppm, but for their grow rooms, they would set parameters within 800 to 1000 ppm.

Commissioner Palacios expressed what would be the opinion of some of the licensees that are currently here [present in the meeting], and then asked Mr. Malin how would another producer in the industry that he is currently in affect his business.

Mr. Scott Malin from Top Shelf introduced himself.

Commissioner Palacios addressed Mr. Malin in that that he does not want to put him in a predicament and said you are one of the [licensee] industry right now.

Mr. Malin said the reason he is present today is that he is trying to utilize his existing license; he has already been licensed 5,000 square feet [producer class 3] and wants to use his outdoor area, it was in his plan the whole time; he just wanted to make sure that, if we're issuing a new license, he should sure be able to utilize his license that he already has; they support Da Dankery and support the industry, he's [Mr. Quan] a local grower and been here for a long time, jobs, we're all friends and been going a long time; the industry is overcrowded, we're at the point now that people are going to go out of business and some will stay in business.

Commissioner Palacios expressed that is his main concern, even when first proposing the [producer] moratorium, was the oversupply; looking at it, the biggest market if you will, where there are all these established [cannabis] businesses that ended up closing; the most important part there, when we're talking about the industry, as a commission, is the job losses that would entail; so again, his concern is to ensure that what is it that is the reason why you are not able to use your additional space, is it because the market just cannot bear it currently or is it just the lack of logistics.

Mr. Malin replied that he is waiting for approval just to use it; to you guys, which is why he is here, it is interesting that it seems like one hinges on the other; and to answer the question, he supports Da Dankery and a... [incomplete statement].

Commissioner Palacios inserted that it's not that you support Da Dankery, it's any licensee that is asking for a producer license; would the additional product being

produced have a negative effect on your business because to him [Palacios], that is a fundamental responsibility that he has, to ensure that whatever action he takes does not in turn have a negative impact on the businesses that the commission represents right now, or are responsible to ensure that they are given the best chance of survival.

Mr. Malin replied that Da Dankery is unique in their business approach, they're trying to craft [cannabis] grow to a certain clientele, they are trying to cater to a certain clientele; yes, it will put more pressure on the market; in the farms that produces a lesser product are really going to have a hard time, there are farms out there that aren't up to par; the good part about, like in the states, the states was mentioned, like in Oregon, they have sister companies they work with in the states, the biggest recreational grow in Oregon and also award winning in Oregon; what happens in the states is sometimes they are getting several hundred dollars a pound, sometimes they are getting 1300 [dollars]; what they know is the industry as a whole crushes the black market and their price goes back up, and they have to crush the [black] market again and again to move back up; an intentional or unintentional smothering of the black market affects their cost, their margin.

Commissioner Palacios shared that the black market is not what the commission wants to attain, the smaller that market can be squeezed... [indistinct]; it will always exist, but the smaller that black market can be compressed is by having healthy legitimate licenses and instituting the best policies and regulations to ensure expansion and growth; the market would then dictate, where now there is a higher demand but a lower supply; when we have that scenario, then we can say let us open up the door for additional supply, as in producers; but if there is more supply and less demand, mindful that, and he checked with the governor yesterday because he had a concern, is that we are only looking at a captive market, literally; Oregon was mentioned, in Oregon, [cannabis] it could be moved from one county to another.

Mr. Malin added that it is also coming in from other states.

Commissioner Palacios continued to say that here in the CNMI we're stuck [limited], its [estimated] 1400 daily users if you will, that is all we got; and if it's a matter of ensuring that those that have already been licensed have a means of growth, of sustaining that growth, sustaining that business long term, then we can look at how do we repeal this, how do we change this to make it a bigger industry; but as it stands, mindful again that we have a captive market consumer base, it's not like our consumer base is going to be expanding.

The AAG inserted that she thinks Scott Malin had answered the question... Acting Chair Iguel indicated the need to wrap-up the discussion to get back to the... The AAG inserted the conversation could be carried on between them, but on the agenda, it is for that, that is the reason why there is a moratorium...

Acting Chair Iguel then asked if there were any other questions or concerns for the applicant or commission staff from the members. There were no other questions from the members.

The acting chair stated that he had a few questions for the MD and then inquired about the applicant's indoor cultivation area if it was set-up and ready for operations while the outdoor area is not.

The MD acknowledged yes, the indoor area is ready and the outdoor is not.

The acting chair asked if the application was for both indoor and outdoor [cultivation].

The MD indicated that it was for the square footage and did not utilize the full [allowable area under producer class 1].

The acting chair then asked the applicant, Mr. Quan, how long he expects to establish the outdoor [cultivation] area.

Mr. Quan replied that it should be built within a month; he can't just start with the outside, it is kind of like the outside relies on the inside; as soon as he is approved for the inside [cultivation area], he can start his investment for his outside greenhouse and inspection shortly after, but to construct what he planned to do in the back should only take about a month maximum.

The acting chair said he asked about that [the readiness of the outdoor cultivation area] because the commission does need a timeline [for its completion]; at least for him [the acting chair], he needs a timeline because if cultivation starts and there is harvests in six months and the outdoor grow area is not up yet, and in saying that you [the applicant] have no agreement with any licensed cannabis retailer, is that a route he considered.

Mr. Quan replied, potentially yes, just basically how things turn out today, he will know for sure how soon he will have it up; but if he gets approved today, he can confirm that in a month's time it will be built.

The acting chair indicated that he [the applicant] mentioned his [retailer] application is with the zoning office and asked it was already approved.

Mr. Quan replied that he is in the process of applying and that he met with the [zoning] administration yesterday and has to change some plans in his blueprints and hoped to be in their meeting in March.

Mr. Scott Malin offered Mr. Quan shelf space if he needs [for his product].

Mr. Quan added that if he harvests before he has a retail license, he will definitely find a retailer for his product or willing to have his product on their shelf... it is hard to make those decisions yet before he gets approved and does not want to count his eggs before they hatch.

Acting Chair Iguel inquired about CO2 levels and indicated it being one of the commission's main concerns, it's always about safety; understanding that his [the applicant] location is in a family compound area, asked if he had a CO2 meter.

Mr. Quan replied that all rooms have controls that control CO2 levels and... [indistinct].

The acting chair asked the applicant if he had a back-up in case anything goes wrong.

Mr. Quan replied, yes.

The acting chair indicated that the SOP mentioned IPM, Integrated Pest Management, and asked the applicant if he was certified [a pesticide applicator] by the Bureau of Environmental and Coastal Quality (BECQ); IPM was noted in the SOP but there were not details as to the type of pest management practices, and asked if his [pest management controls] involve cultural control, physical control, etc.

Mr. Quan replied that he will be using organic sprays and expressed that he did not believe certification would be needed for organic pesticides.

The acting chair indicated that the BECQ is the main agency that certifies pesticide applicators, and since IPM was mentioned, he just wanted to know if he had certification from the BECQ, and then asked if there were any other questions from the board. There were no further questions.

The acting chair then asked the board members if there was a motion to be made.

- Vice Chair Hofschneider motioned for the approval of Cannabis Application No. C-0923-0038-SPN – Sidney T. Quan dba Da Dankery, Marijuana Producer - Class 1, as is.
- Acting Chair Iguel reiterated Vice Chair Hofschneider’s motion, which was then seconded by Secretary Songsong.
- The acting chair then recognized the executive secretary for roll call of the commissioners’ vote on the application as follows:
  - Commissioner Songsong voted yes for licensing approval;
  - Commissioner Palacios voted nay;
  - Commissioner Hofschneider voted yes; and
  - Commissioner Iguel voted yes.

The acting chair announced that there were three approvals, one disapproval, and that the majority had it, and that Cannabis Application No. C-0923-0038-SPN – Da Dankery is approved.

Mr. Sidney Quan was subsequently congratulated.

**RECESS:** The acting chair called for a quick recess and subsequently called the meeting back to order at 11:14 a.m.

**2. Cannabis Application No. C-1123-0039-SPN- Max Investments, LLC. dba High Grade Dispensary, Marijuana Retailer; discussion and voting**

The acting chair introduced the agenda item and then turned the floor over to the MD for his presentation of the application for the board’s consideration.

The MD presented the applicant’s application information as follows: Contact person, business establishment type and name, premises lot number and location, business hours, scope of operations, cannabis strains offered and product types, cannabis inventory tracking software to be used, floor plan, ingress and egress, security cameras and surveillance system, signage, sales/packaging/storage area, steel doors and lock/entry mechanism, standard operating procedures, weights and measures license and fire code permit, etc., and concluded with his recommendation for licensing approval.

The acting chair thanked the MD and opened the floor to the board members for any questions, comments, or concerns for the MD or applicant.



Vice Chair Hofschneider shared with the applicant that should he be approved, it is important to be mindful of any social media posts to comply with commission rules and regulations, and indicated that the commission's website includes advisories for licensees and suggested that the commission's website be visited for current information and updates; and shared that some posts seen on social media may not be appropriate or are missing things such as age requirement and asked the applicant to be mindful of those things when advertising, in addition to discounts and nominal pricing; nominal does not mean half off the price, just to provide a heads up on those issues with pricing strategies.

The applicant acknowledged.

Acting Chair Iguel thanked the vice chair and then asked Secretary Songsong and Commissioner Palacios if they had any questions.

The secretary and Commissioner Palacios had no questions for the applicant or MD.

The acting chair then asked the applicant if they were ready to sell [product] being a licensed producer.

The applicant acknowledged that they are ready to retail.

The acting chair asked the applicant if they would be partnering with any other producer.

The applicant replied yes, there were talks about it and if it comes to it, they will reach out to other producers if they are in need of assistance to retail their product; it is something that has been spoken about but nothing for certain yet.

The acting chair asked the applicant if their producer class 2 license would provide enough product for their retail store.

The applicant replied yes, and that they plan on expanding outdoors and considered obtaining a producer class 3 license, but as of right now, he believed their producer class 2 would provide enough product.

The acting chair stated that he had no further questions and if the other board members had no other questions, the floor is open for a motion on the application.

- The vice chair motioned for the approval of Cannabis Application No. C-1123-0039-SPN- Max Investments, LLC. dba High Grade Dispensary, Marijuana Retailer.

- Acting Chair Iguel stated that there was a motion on the floor for licensing approval, which was then seconded by Commissioner Palacios.
- The acting chair then recognized the executive secretary to call roll for the commissioner' vote on the application as follows:
  - Commissioner Songsong voted yes for licensing approval;
  - Commissioner Palacios voted yes;
  - Commissioner Hofschneider voted yes; and
  - Commissioner Iguel voted yes for approval.

The acting chair announced the approval of Cannabis Application No. C-1123-0039-SPN- Max Investments, LLC. dba High Grade Dispensary, Marijuana Retailer, and then congratulated the applicant.

**RECESS:** The acting chair for a quick recess at 11:30 a.m. and subsequently called the meeting back to order at 11:38 a.m.

### **VIII. Acting Chairman's Report**

- Scope of work and request for proposal for cannabis tracking system

The acting chair indicated that the commissioners were emailed two attachments, which involved his work on the request for proposals and scope of work for the cannabis tracking system; and that Commissioner Songsong sent him the RFP that the previous board worked on which had an existing scope of work, but he prepared another scope of work because it seemed to lack certain details and loopholes that a [prospective] bidder may claim system inoperability or an excuse that functions were not listed in the scope of work; he made an effort to cover all aspects of cannabis tracking from retailer to producer, transporter to taxation and other tracking mechanisms the system would allow and asked the commissioners to review those documents.

Discussions followed on several details of the cannabis tracking system and its review... consistency with procurement's RFP processes, communications with cannabis tracking system companies who shared what they thought was one of the top scopes of work and RFPs they've received... the scope of work and RFP included detailed parts derived from the states of Alaska, Hawaii, Maryland... system's ability to incorporate taxation... cost dependent and CTS funding...

- Pesticides/Pesticide Resolution/Pesticide Regulations

Acting Chair Iguel mentioned that he met with the Bureau of Environmental and Coastal Quality (BECQ) yesterday relating to pesticides, which he shared with Commissioner Palacios, and that BECQ is waiting to attend a meeting with the commission if they will be placed on the agenda for a question and answer session or discussion on pesticide use and who should be certified [pesticide applicator]; he shared that pesticide use is absent in the statute and regulations regulating pesticide usage [on cannabis] by licensees; what the BECQ is attempting to find out now is if they could involve themselves in the cannabis industry being that they are a federally funded entity and cannabis being federally regulated [listed under a schedule 1 narcotic substance].

Vice Chair Hofschneider indicated that they [BECQ] are responsible for regulating what comes into the CNMI and asked the acting chair if it was mentioned that the commission cannot develop regulations for pesticides.

The acting chair replied that his conversation with the BECQ, it was asserted that the commission may develop pesticide regulations [for use on cannabis]; they are the agency that regulates pesticides through the Environmental Protection Agency for allowable or banned pesticides and are the only agency that certifies pesticide applicators.

The vice chair inquired about natural or organic pesticides, if applicators would need certification and is something to clarify with them, and that Commissioner Songsong worked on some pesticide regulations that need to be revisited, and then asked Secretary Songsong about the status of the draft pesticide regulations he had.

The secretary replied that he first drafted a resolution, but realized that he needed to iron it out a little bit more; he was thinking of doing a resolution first so that when producers read it, they can provide some input, and then from there, the pesticides regulations will be derived; pesticide regulations need more research, but unfortunately, his transcribing of meeting minutes is taking up ample time; if it wasn't for transcribing meeting minutes, he could be pumping out proposed regulatory amendments, but his mind at the moment has been concentrated on transcribing meeting minutes, it's a long process.

The acting chair then indicated that the BECQ provided him with their regulations relating to their regulating pesticides.

The secretary added that he is aware of BECQ's involvement [responsibility] with pesticides and that there is a need to consult with them to find out if they do regulate organic pesticides, the OMRI (Organic Materials Research Institute) listed products, including certification of organic pesticide applicators.

Secretary Songsong went on to ask the members how they felt about the idea of releasing a pesticide resolution first and then the development of pesticide regulations after.

Vice Chair Hofschneider indicated that she was just about to ask the AAG about that scenario and then expressed to the AAG that the secretary's recommendation is to put together a resolution for pesticides and then speak to licensees about it; does a resolution have to be done to solicit information from licensees or can information be solicited from licensees and then develop regulations as opposed to doing a resolution.

The AAG replied that the commission could solicit information from licensees and then present something to the board to make a good decision about it...

The vice chair asked the secretary if he is recommending developing a resolution with what is proposed and then solicit information, or would he rather solicit information first, then discuss it as a board.

The secretary replied that he figured he would put in a [pesticide] resolution but did not intend on soliciting information from licensees because the resolution would go out to the producers anyway, it applies to them and they are free to provide feedback to the commission about the resolution; if they have a question [or concern] about it, then they would inquire about it without the commission asking for it and may provide feedback and/or recommendations; from hearing what producers say about the resolution and with any of their suggestions or recommendations, then those could be incorporated into the rules and regulations, which would also allow them an additional thirty-day comment period [through the register's published proposed pesticide regulation]; if by publishing a proposed pesticide regulations in the register first, producers may miss the afforded thirty-day comment period; at least with starting with a resolution first, it will start them thinking in which the resolution will also mention that the commission is building a proposal for the development of its pesticide regulations.

Acting Chair Iguel expressed that it may be a reasonable first route [from resolution to regulation] and asked the secretary if the members could review the draft resolution to determine whether that would be the first route taken, and that all routes will be definitely considered.

The secretary replied that he emailed the members a draft pesticide resolution, but did not receive feedback; however, in his re-review of the draft resolution, it needs further improvement and is considering the deletion of Oregon's pesticide list from the draft resolution but will keep the Environmental Protection Agency's part on pesticides for

sure; and from there, [licensed] producers could provide input, suggestions, and/or recommendations; he will get back with the members with a new and improved draft pesticide resolution.

Vice Chair Hofschneider suggested that the members revisit the draft pesticide resolution.

Commissioner Palacios asked the secretary if it would help, they [licensees] may probably complain because it is another process that they would go through, but would it help if the commission gets into some kind of MOA or MOU with the BECQ where [producer] licensees would have to get at least a clearance as far as the pesticides they are using, be it for cannabis cultivation or processing, to get an approval first from the BECQ that they approve particular pesticides; understanding that is the commission's responsibility but still the commission has to go back to ensuring the commission covers its bases, would it help with his endeavor.

Secretary Songsong replied that he is unsure about that and that producers could find it as another burdensome hurdle, but he would like to hear what the BECQ has to say about organic pesticides because absolutely, the commission will not allow synthetic pesticides, but of course that is not in the regulations, but absolutely, nothing synthetic; even though the commission desires natural or organic, not all organic [pesticides] are considered safe either, so there is a need to be careful, and as far as what the EPA has on pesticides, he believes that is the safest route the commission could go with, and does want to hear what the BECQ has to say about requiring pesticide applicator certification for organic food grade pesticides; BECQ is already regulating pesticides, verifying all pesticides being imported into the CNMI and involving the BECQ may involve an additional cost to producers with whatever charge fees that may be imposed, extra charges.

Acting Chair Iguel indicated that organic pesticides were actually discussed in his short meeting with the BECQ yesterday; in a nut shell, BECQ said that whether organic or inorganic, any [commercial] business entity that imports organic or inorganic pesticides has to obtain a pesticide applicator certification mainly because with organic pesticides, there could be misunderstandings with reading [pesticide] labels [and cautionary measures].

The secretary acknowledged the acting chair that if the BECQ is clear with that issue [required certification for organic pesticide applicators], then the commission would also be clear with it, but expressed the hypocritical nature of it because there are people out here [on Rota] that cannot speak or comprehend English and are spraying pesticides [on food crops] and does not know what the BECQ does about it, and in the meantime, the

commission would lay this [additional] burden on cannabis producers, that is what irritates him about the BECQ, and that is all he has to say about that.

Acting Chair Iguel said that he did mention it to the BECQ in that their regulations, federal standard regulations, a lead farmer could be the only certified pesticide applicator [within a cultivation area] and that as long as the certified pesticide applicator is on-site to guide others with pesticide applications, everyone else at the cultivation site does not need certification; it would be interesting to meet again with BECQ to hear more and address your [Secretary Songsong's] concerns.

Vice Chair Hofschneider asked the secretary if he plans on reaching out to the producer licensees through email to ask questions.

The secretary replied no, it would be through the resolution that the commission is considering and that could spark their thinking process when producers receive the pesticide resolution. The vice chair acknowledged.

- BECQ pesticide applicator certification requirement for all commercial importers of organic or inorganic pesticides and pesticide applicators

The acting chair then stated that was it for his report and would include the BECQ in the commission's future meeting agenda for questions and answers, or for additional information about their regulations and responsibilities; as of right now according to the BECQ, everyone who imports pesticides or even purchases locally and apply pesticides, as long as they are commercial businesses, a pesticide applicator certification is required; the BECQ also said that none of the commission's licensed producers are certified pesticide applicators, and the one thing they stressed that is of importance is the protection of human health, in addition to proper pesticide handling and application, timing of application, comprehension [of pesticide labels and cautions]; according to the BECQ, even with organic pesticides, it is still possible that compounds or elements contained in organic pesticides could have long term negative effects to human health in later years; the BECQ also stressed that there is a difference between local produce [food crops] in comparison to cannabis crops and why they feel that licensed cannabis producers should obtain pesticide applicator certification is that there are ways to clean food crops by washing and other methods, but for cannabis, once it is harvested and dried, that is it and it goes to market, and that whatever pesticide [residue] that may remain on a cannabis plant does not necessarily go away, it cannot be washed off, steamed, etc., it will still have pesticide residue; as far as the commission including pesticides in the regulations, the BECQ are okay with it and does not see any wrong with it or overreach for that matter.

Secretary Songsong added that the commission will then include the mention for pesticide applicator certification in the commission's draft pesticide resolution for commercially licensed cannabis producers.

Discussions continued on the pesticides matter... in addition to the pending election of the commission's board officers and the new appointee to the cannabis commission, Mr. Jose Rios, who is pending senate confirmation in the coming weeks.

## **IX. Managing Director's Report**

### **1. HPO Renovation; discussion**

The MD reported that he notified the commissioners via email about the matter and that he had spoken to an HPO staff member, who had taken photographs of the commission's office building for a structural assessment, who said there was no definitive date scheduled for the renovation of the commission's office building; a follow-up was made with the Special Assistant for Administration (SAA), Mr. Oscar Babauta, to find out if there were any government buildings that the commission could move into when the commission's building is being renovated but said there were none available; in speaking with Commissioner Palacios yesterday, it was pointed out that another avenue may be to go with a request for funds [for office space rental] through the SAA that may come sooner than the legislative appropriation that the commission has going through the legislature; besides that, the commission's account 3701T will more than likely not be able to be used of any of the funds for rental because it is nearly depleted.

- Commission funds and appropriation

The MD continued: As far as the appropriation goes, it has already gone through the House Ways and Means Committee and is going to be introduced for voting within the entire house on February 1, 2024, and after that, it would go to the senate for voting; regarding funds, a letter was received from the secretary of finance on January 9, 2024, the finally completed the account certification, there was an increase in account 1501S, an increase of around \$XXX,XXX.

Discussions followed between the board members and MD on the commission's accounts and amounts contained within them... different accounts and subaccounts... the combining of all funds from several accounts into one account... total funds within accounts 1501S plus 1501B...

Commissioner Palacios inquired about the C account that was said to be a Department of Public Safety (DPS) account, but according to the treasury's system, the C account under the fifteen series are [cannabis] excise taxes, BGRTs.

The MD clarified the confusion and said that because all of this happened within the transition period between the JD Edwards system and the Munis system, the JD Edwards' excise tax was under account 1501C and when the account was being set-up in the Munis system, somebody or whoever was helping to set-up the system, designated the commission's 1501C account to the DPS, and because that was already designated to the DPS, finance had to create commission account 1501S, which would be for the excise tax and business gross revenue tax collections.

Commissioner Palacios indicated that the question that he had was that in that designation where they transferred the 1501C designation from the Edwards to the Munis, the money that already existed in the 1501C account under Edwards was cannabis funds, not DPS funds; so, what happened to that money was that it was taken out...

The MD stated that he made sure to verify with the finance secretary, the amount that was in the JD Edwards account [1501C], he believe it was around \$XXX,XXX and that the finance secretary said that none of those funds in account 1501C under JD Edwards was ever transferred to 1501C under the Munis system; so none of that money went to DPS and after the account certification, every cent that was in 1501C made its way to account 1501S, which is part of the \$XXX,XXX increase.

Acting Chair Iguel asked the MD if he could provide the members with a run-down of how much funds are in every account and subaccount that the commission has.

The MD replied that as far as the commission's main account 1501S as of December 2023, it is \$XXX,XXX.14; he still needs to run an account certification for 1501B, but in speaking with a certain staff at the finance office, it was said that the funds shown in account 1501B is \$XXX,XXX.50 and accurate; the commission can still do the certification and said that any extra funds could not be found that would be added on to it like it did for account 1501S.

Commissioner Palacios stated that there in an increase then in the B account.

The MD replied no, it was in the S account.



Commissioner Palacios responded, no, because initially the B account was \$XX,XXX and \$XXX,XXX in the S account; if it is at \$XXX,XXX now, it was also an increase, not only in the S account but also in the B account.

The MD said has the documents for it, but that again was confusing because it was the collected amount versus the actual amount on hand, and that the collected amount plus the other amounts collected over the years would add up to what the commission has in account 1501B at \$XXX,XXX.

Discussions continued on the commission's funds within its several accounts... five accounts, two general accounts for the board and accounts 1501S (excise tax), 1501B (application and license fee collections), and 3701T (SNILD appropriation) ...

The MD indicated that he spoke with three or four different people, it is slowly getting cleared up but there were a lot of numbers...

Commissioner Palacios indicated to the MD to correspond to the SAA to share with him the commission's current amount to date on the 3701T account that is depleted and request for a transfer of funds...

Discussions followed on the funds request and transfer... drug money (as it is considered) cannot be comingled with government and/or federal funds... schedule meetings with the legislature and finance department... the legislature's appropriation and the designation of the cannabis commission as the expenditure authority to avoid the waiting period for legislative appropriation and the ability to control its funds... renovation of the commission's office building would take approximately six months and to follow-up on the proposed start date for the renovation of the commission's office building...

The MD reiterated that the legislative appropriation of funds is scheduled for February 1, 2024, and that it would be the commission's first appropriation.

Commissioner Palacios indicated that he spoke with some of the cabinet members about the HPO renovation of the commission's office building in which some are okay with it; in the event the commission needs to move and does not have a place to relocate to, the payback though would be, not necessarily to mean pay rent, but that the commission would take care of the of the government entity's utility bills that the commission moves into, if the commission needs to move to an existing government occupied building; they are okay with it as long as the commission covers utilities as a cost share for the duration the commission occupies an office space.

Discussions followed on possible locations the commission would temporarily relocate to in the event a government own space is unavailable...

- Proposed 420 event/commission summit

The MD continued his reporting that he spoke with Representative Diego Camacho, Cannabis Committee Chair, who expressed wanting to hopefully hold a 420-event sort of like a cannabis convention, but he did mention the fact that the commissions regulations prevent setting up any type of event on public lands.

Commissioner Palacios stated that with public lands, remember that it does not include existing public land leases [prior to the enactment of the cannabis law].

The MD acknowledged and said that he will update Representative Camacho, but he did want the 420-event idea brought up to the commission's board.

Commissioner Palacios indicated that there is a provision in Public Law 20-66 that the commission is supposed to have an annual summit.

Discussions continued on the summit event or 420 event with stakeholders... possible cannabis product displays...

- Clarification on producer's use of licensed cultivation square footage

The MD continued and said he wanted to clarify on the expansion language of moratorium; he had an inquiry from one of the licensees whether he could utilize, as an example, if he only utilized 750 square feet of his producer class 2 license but wants to utilize up to the 2,999 square feet allowed under that license class after the moratorium, which he consulted with the AAG through an LSR, and she did say that as long as their license is ready for that within that, then they could.

Vice Chair Hofschneider said that is why she mentioned it during Da Dankery's application consideration because his cultivation area was still under the allowed 750 square footage; he wasn't going over his producer class 1 maximum square footage of 750, he was within his limits.

The MD acknowledged the vice chair and said that he just wanted to clarify that issue with the board.

- Change of signatories on license

The MD raised another matter about the possibility of changing the signatories in the licenses that are issued to just having the chairman and the managing director's signature without requiring the licensee's signature.

Acting Chair Iguel and the vice chair agreed with the MD suggestion/recommendation to have the licensee signatory removed from the license.

- Violation notices issued

The MD updated the board that on January 8, 2024, two violation notices were sent out to two different licensees, the H and the S, both for the same reason involving advertisement of sale which did not include the three required statements set forth by part 1110 on advertising restrictions, e.g., no vehicle operating under the influence, etc. and that since this was their first violation, there were no fines involved and both licensees acknowledged.

Acting Chair Iguel added that compliance is always better than issuing violations and fines.

The MD acknowledged and agreed that he would rather have abidance with the rules than to go around swinging the stick.

Vice Chair Hofschneider raised a previous discussion about data collection and database development that would include instances such as these violations and pertinent information for future referencing... The MD acknowledged.

- License fee payment deadline

Mr. Basa mentioned about a need to place a deadline on the license payment certification.

The MD added that because the last time with CWC, they were told [license payment] thirty days after being licensed; what Erik Basa is saying is that the commission should have probably given them thirty days after the board meeting's license approval because for a little bit, he wasn't paying for his license.

Mr. Basa added that CWC was approved already but CWC followed the... The MD inserted, because the order said after getting licensed, that is why this is being brought up

that they [commission staff] will do it thirty days from the date the board approves licensing, and then concluded his report.

The acting chair said that issue [license fee payment deadline] will be placed on the next meeting's agenda for discussion and voting, and the indicated that if there were no further questions for the MD, he would like to move into executive session and then motioned for it, which was seconded by Commissioner Palacios.

The acting chair announced entry into executive session at 12:35 p.m.

## **X. Executive Session**

The acting chair announced the exit from executive session and said that discussions involved a statement from the legislature regarding the commission's decision to reduce fees for the three municipalities and not all four municipalities [that excluded Saipan], and based on the legal counsel's statement, the commission is good with it [the AAG's advice].

Acting Chair Iguel opened the floor for any other matters.

- Commission standard operating procedures

Commissioner Palacios mentioned the lack of an SOP currently and said that if there is a violation, if push came to shove, and he's starting to see some pricey attorneys being brought in, if the commission is going to start doing enforcement in regards to violations, it is going to come down to what is the black and white, and the black and white would be, this is our SOP, we did not violate it, you guys accepted it, what is your SOP; show where the commission's SOP was violated; and if we're going to say based on this and that, but where is the process; you have the language but you don't have the process, so where is the process to arrive at that, to say there was a violation, where is the process; that is one of the things that he would bring up.

Vice Chair Hofschneider expressed that an SOP is definitely needed.

The acting chair agreed with the need for an SOP and said it could be discussed further and informed the MD if he needed help with it to reach out to him because he has drafted SOPs in his time and that he is aware of it.

Discussions followed on the development of a commission SOP... and the citation book and penalty fees and the DPS being the enforcement agency to issue citations and not commission staff... enforcement issues...

The acting chair asked if there were any other matters for discussion. There were no further discussions.

## **XI. Adjournment**

Commissioner Palacios motioned for meeting adjournment, seconded by the vice chair. All commissioners voted in favor of the motion; motion carried.

The CNMICC's January 26, 2024, meeting adjourned at 1:05 p.m.