



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



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A regular meeting and public hearing of the CNMI Cannabis Commission will be held on **Thursday, August 17, 2023, 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. Public Hearing
- VII. Chair Report
- VIII. Old Business
  1. Rules & Procedures of meeting and applications
    - Revision of application
  2. Adopt Robert's Rule of Law for meetings; discussion and voting
  3. Advertising definition; discussion and voting
  4. Definitions of Solvent less and Solvent Based; discussion and voting
  5. Personnel:
    - Discussion on Managing Director hiring
- IX. New Business
  1. Fees:
    - (a) Lower application fees; discussion and voting
    - (b) Fees to include electronic copies; discussion and voting
  2. Prospect of Laboratory; discussion and determine next steps
  3. Hemp industry; discussion
  4. Interpret Homegrown; discussion
  5. Policy proposal to temporarily suspend producer licensing; discussion and voting
  6. Adopt the use of Commission Directives; discussion and voting
  7. Cease issuance of extension for all AIP's from 12 months date of issue; discussion and voting
  8. Executive Secretary Summary Email – post board meeting discussion
- X. Treasurer's Report
- XI. Acting Managing Director's Report
- XII. Executive Session
- XIII. 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) on or before the meeting date. Oral testimony may also be presented during the meeting on Thursday, August 17, 2023.

**CNMI Cannabis Commission  
Regular Session Meeting Minutes  
August 17, 2023**

**I. Call to Order**

Chair Palacios called the CNMI Cannabis Commission's meeting to order at 10:04 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 chair introduced the following persons present in the meeting:

Commissioner Journie Hofschneider [Vice Chair], representing Tinian;  
Commissioner Thomas Songsong [Secretary], representing Rota, via Zoom;  
AAG Keisha Blaise;  
Acting Managing Director Erik Basa;  
Executive Secretary Natasha Palacios;  
Office Coordinator Rhonda Fleming; and himself,  
Commissioner JB Palacios [Chairman].

The executive secretary then called roll of the commissioners: Commissioners Songsong, Palacios, and Hofschneider were present, and quorum confirmed. [Commissioner Iguel was absent and excused due to the passing of a family member.]

**III. Consideration and adoption of Agenda**

Vice Chair Hofschneider motioned for the adoption of the agenda, seconded by Secretary Songsong. There was no discussion, all commissioners voted in favor of the motion, motion carried.

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

Secretary Songsong mentioned that he circulated the September 29, 2021, meeting minutes to the commissioners for review, however, there were missing parts in that meeting minutes because of the missing second audio recording, but motioned for its adoption as is until the missing second audio recording of the meeting is found at which time it could be amended to add on the missing minutes transcription, and that the missing recording and missing parts of the minutes were on Max Investments, the acting managing director's report, and adjournment; seconded by the vice chair. All commissioners voted in favor of the motion; motion carried.

**V. Public Comment**

Chair Palacios opened the floor for public comment. There were no members of the public for public comment.

## **VI. Public Hearing**

The acting MD stated that there were no applicants ready for determination.

## **VII. Chair Report**

The chair reported that the exemption the commission obtained was that the commission is as revenue generating agency or entity of the government; they [legislature/governor] gave the commission the exemption as far as hiring, budget cuts, and so forth, and was made possible by the collective effort and Commissioner Iguel's gathering of data to show that the industry as a whole, going back to fiscal year 2021, up to the month of May of fiscal year 2023, encumbering two and a half years, came up to 2.529 million dollars in economic activity; collectively as a whole, not including the excise tax which is the only data that is missing, and application and license fees were encumbered and separate, if that [revenue] were dispersed with all things equal, it would roughly translate that the industry as a whole with expenses taken out for commission operations averaging \$200,000+, generated approximately one million dollars or more annually; the most important aspect of that which he pointed out to the ways and means committee, fiscal affairs committee, and the Office of the Governor, is that the industry employs anywhere between thirty-seven to forty-two local private sector full-time employment with salaries and other benefits, and expressed that it is those kinds of information that are crucial in moving forward; the commission started off with \$284,000+ in the special funds account, but with the issuance of seven licenses averaging \$7,000 each, summed up to \$49,000 and added to the existing account, gave the commission about \$333,000 which is sitting in the special funds account for the commission's use.

The chair continued that the other part, moving forward, is the vice chair's reappointment whose term ends on September 11, 2023, and that the commission will take it from there; everything else is a continuation of some of the things that was discussed on expanding the industry; with expansion, some of that involved the two particular licenses that were issued for a lounge license for Mr. Thompson at 420 lounge and the processor license for Mr. Norita at Saipan Select; with those two, now there are different forms of revenue coming in to the CNMI economy and additional new employment; moving forward, the commission will continue to strive to develop these even further, including other matters that will be addressed in regards to the issuance of licenses and so forth.

Vice Chair Hofschneider inquired about excise tax payment information from licensees.

Chair Palacios indicated that he communicated with Customs Director Mafnas about

obtaining those specific information [excise tax on imported items], but if bought locally, that information may not be available, and mentioned that he also spoke with the Secretary of Finance on the streamlining of those [excise tax collections] information with identification for data collection, identification numbering on cannabis businesses, e.g., producers, retailers, processors...

## **VIII. Old Business**

### **1.) Rules and Procedures of meeting and applications**

#### **- Revision of application**

Vice Chair Hofschneider asked if this matter was regarding the processor. The acting MD acknowledged that it was, in a general sense and for new applicants, and recalled last meeting's discussion [July 14, 2023, meeting] in that as far as new applicants are concerned, to ensure that all the requirements are submitted, including the zoning permit and business license before the application even comes to the commission [the chair agreed]; however, with the processor [application for existing cannabis businesses], because there was a form created by Commissioner Iguel that would act as a supplement of the zoning requirement until such time that the zoning office creates its regulations for processing, that form was going to take place [be used]; however, during the last meeting, it was mentioned that Saipan Select received their zoning permit for processing, and so he took the liberty to contact the zoning office but they mentioned that they do not have any records of Saipan Select being issued a zoning conditional permit for processing; he then reached out to Commissioner Iguel who recommended to revert back to the intention of using that newly created form, at least because the commission has an applicant for processing [from an existing cannabis business] and that in order to move forward with that application, that [form] was part of the requirement.

Chair Palacios asked the acting MD, for purposes of clarity, that Saipan Select did not get its zoning approval. The acting MD acknowledged that it did not and said that the zoning office confirmed that they have no records of issuing a permit to Saipan Select for processing. The chair then expressed that Saipan Select needs to be told that whatever it is that they are doing, they need to shut it down.

The acting MD indicated that the use of the new form was paused because if it was actually true that Saipan Select was issued a zoning permit, he would have informed the new applicant, Top Shelf, to get their [zoning] permit so that its application could progress forward, but because that was not the case, he talked to Commission Iguel and asked if he could push forward with the new form.

The acting MD added that he also spoke with the acting [zoning] administrator and mentioned that there may have been a miscommunication when Commissioner Iguel introduced the new form to the zoning office; that was during the time when the former [zoning] administrator (Jerry) was there, and now Mr. Alepuyo, the acting administrator, is aware of this new commission form who the acting MD informed that it would be best if Commissioner Iguel communicates with them [the zoning office] of the importance of that [new] form, what that form is, or at least to get the information out that Commissioner Iguel discussed with Jerry to push it down the line so that he is also aware of it; at this point, it was mentioned that the form will be introduced in the zoning board's meeting (on the 25<sup>th</sup>) for consideration, that was what the acting MD and Commissioner Iguel discussed and that is where he is at as far as that form.

Chairman Palacios indicated that Mr. Norita was the one that told him and that is why he had mentioned about the cannabis infused coconut oil and that to his surprise, it was mostly senior citizen customers and sold approximately 700 units (bottles) that was described; he shared that same information with Mr. Thompson, with Top Shelf, that Saipan Select got an approval from zoning, but if that is not the case, then that is where and he knew that in the last meeting, thought there was that discussion, at least in general, that the consensus on that form was that it will no longer be used, and the reason for that is exactly what the acting MD started off with; the policy and regulation in that the commission is not going to be accepting or entertaining any more applications if it is not already complete, so it nullifies the use of that form, the form becomes moot, if the regulations says it has to be complete before it can be entertained; in other words, they already have their zoning permit, business license, etc., and then it is considered for the purpose of issuing or denying.

The acting MD acknowledged the chair and said with emphasis, "for new applicants" but thinks that for the purpose of the existing [licensees], or at least for the applicants that are applying for processing, because the zoning office does not have anything in place at least permit wise for processing, is that the commission created that form for.

The chair said that because if we are only going to be accepting it [the application] when its complete, then the form becomes moot, that is what he is saying, it does not hold any weight at that point because it is not complete and not going to be entertained; whereas with the form, the commission is entertaining it even though it is not complete; what he is saying, that form becomes moot with the adoption of forms that it has to be complete; now Commissioner Songsong has talked at length, has even drawn up the policies or at least some guidance into the processor part, processing license, as far as solvent-based and solventless, and maybe that is something that... Chair Palacios then addressed and

asked Commissioner Songsong that maybe that is something he could share with the zoning office.

Secretary Songsong acknowledged and said that he guesses that the commission should correspond to the zoning office explaining the commission's standing on why they [solventless processors] should be permitted to do processing while they [the zoning office] form their regulations on it [processing] because solventless processing is a natural form of processing and is unlike chemical processing; the commission understands the chemical processing part that would require a zoning permit, but in this case [solventless processing] since zoning has no regulations on processing, the commission feels that this [solventless processing] can move forward because it is an all-natural process, processed manually or mechanically; it can be explained in letter form and that he could draft something up explaining that scenario and process... it [solventless processing] is not deemed hazardous; while the commission understands their [the zoning office] and the commission's need for zoning permit, but absent zoning regulations [for processor], the commission cannot hold back on this [solventless processing].

Chair Palacios and the acting MD agreed. The chair then talked about the information that Secretary Songsong wrote up about solventless processing and if that information could be shared, the difference between the two methods of processing, solventless and solvent-based, so that it gives [the zoning office] them an idea of what it is the commission is talking about and the commission's standing policy [with existing cannabis licensees applying for solventless processor license]. Secretary Songsong acknowledged and indicated that he will disseminate the draft letter to the commissioners for review once completed.

The chair expressed that the commission could adopt that [form] for now in lieu of the lack of zoning regulation for natural [solventless] processing method, which can be adopted as a standing policy at least for now. A brief discussion followed... review regulations for solventless processing and its, adoption... the vice chair indicated that it is coming up in this agenda...

Vice Chair Hofschneider stated to consider adding in the draft letter to the zoning office a section mentioning the other license classes that has no conditional use permit in their [zoning office] regulations, because the only ones they mention is retail, lounge, and producer, and they are still missing laboratory, wholesaler, research certificate, and processor, just to add the extra comments before closing the letter to say that these are the other ones that also needs to be addressed in zoning regulations because the commission

would require them as well, and then asked the acting MD about the commission's applicant for a wholesaler license.

The acting MD indicated that he would mention that wholesaler applicant in his report, but technically, that wholesaler applicant is an AIP (approval-in-principal), and their time has lapsed based on the stipulations of the AIP, and that they did not submit a request to extend [AIP] and so they are moving down the line for denial.

Vice Chair Hofschneider continued discussions with the acting MD on the wholesaler applicant still being an applicant currently and that zoning office's absence of regulations could cause the possible hindrance of cannabis business operations, and expressed curiosity over what the zoning office used to approve initial uses for retail, lounge, and producer, the need to understand it because it does not explain it in the [zoning] regulations the reason why they categorized and gave the conditional use permit in the first place.

The acting MD added that his conversation with the zoning office's acting administrator and based on their meeting, the zoning office has two applicants that are interested in processing; it is not clear if they are going to be entertained at this [zoning] meeting, but guessed with that letter [in reference to the draft letter that Secretary Songsong will prepare] would provide a better understanding, at least for the [zoning] board, so that they could make an easier decision on whether or not to approve the [processor] permits.

Secretary Songsong acknowledged understanding of what was requested to be incorporated into the draft letter to the zoning office.

The acting MD indicated that just to clarify the pending applications for processor, asked if the commission is going to wait for a determination on the use of the form in order move forward.

Chair Palacios asked if it is as far as zoning. The acting MD replied for processing, because aside from everything else, besides what was mentioned not having a zoning permit, the commission has in its possession a processor application that is completed other than a zoning permit.

The chair indicated similar to Saipan Select, and then said that the commission will go ahead and give the, again, it is of fairness; if the same provisions and same environment exist that the commission issued Saipan Select, the conditional [license], using that form, then in fairness to the other applicants [existing cannabis licensees], nothing has changed; the commission also accords them that and then it will up to them to pursue it [zoning

permit] or may wait until there is something more solid; if it is about zoning, make sure that they are aware that the only one the commission is adopting for policy in regards to processing is what Commissioner Songsong put on the table and put together in regards to solventless processing only, and that anything outside of solventless is not covered by that form.

The acting MD indicated that his review of the applicant's processor application showed the processing method would be solventless processing, and that the only concern Commissioner Iguel raised on the reason for that form is to ensure that type of [cannabis] business is allowed at their respective premises [zoned area under cannabis use].

Chair Palacios acknowledged the acting MD's statement and said that as long as it is at the same place, as long as the scenarios are the same in how you [the acting MD] go about issuing that conditional license, which is, it is going to be at the same location; therefore, it has already been approved [zoned] for cannabis on that location; if it is going to be at another location that is different from the business license address, then that does not apply there; just as a disclaimer on the commission's part, to avoid any blame for this, let the processor applicants know in writing so that they understand that this is specific, that it is only for solventless processing...

The chair suggested some form of policy or guidelines for solventless processing for applicants that come forward for solventless processor license so that they fully understand what they are allowed or what the commission recognizes as something the commission can allow or is willing to give that exemption pending the full zoning permit.

Discussions followed on the statutory language of processing, expanding the differences between solventless processing and solvent-based chemical processing... its definitions, policy addition or regulatory amendments... The chair then asked if there was anything else on rules and procedures.

The acting MD responded he has additional issues as follows:

- Individual History Form: the need to include a notary because it is specific to a principal [applicant] to ensure that it is the actual person that applied and signed it because the commission had an issue back in time where signatures were questionable, and that by having that notary public inserted in this form would provide for that assurance; and
- The inspection notice that replaces the AIP, if it is readily available because the commission removed the AIP and is supplementing [replacing] it with an inspection



notice that he would have to issue if all is good with Top Shelf's [processor] application to move forward with it.

Vice Chair Hofschneider indicated that the inspection notice [AIP replacement letter] would be included in the next meeting's agenda and that it is ready but will have it reviewed first; and further said that upon review of the regulations, it does not seem to align with the commission's intent, the specifics of it needs to be discussed and possible regulatory amendments considered. The chair asked the vice chair what the timeline would be on the new letter inspection notice who replied that it is done and was late for its insertion in today's meeting's agenda, but it would be ready for discussion in the next meeting.

Discussions followed... timeline to streamline processes as there are existing licensees seeking to expand its businesses with another class of license, e.g., processing... Chair Palacios then asked if there was anything else to discuss on rules and procedures; hearing none, the chair moved to the next agenda item.

## **2.) Adopt Robert's Rule of Law for meetings; discussion and voting**

The chair indicated that Commissioner Iguel was the one who raised this matter to the AAG Carl Dela Cruz and being that Commissioner Iguel unavailable today due to a family emergency, the commission will table this agenda item for tomorrow's meeting.

## **3.) Advertising definition; discussion and voting**

Vice Chair Hofschneider said that his was discuss previously back in September 2022, advertising was discussed which resulted in the compliance advisory for licensees to follow; a recommendation was made to define advertising, and in reading Oregon's definition, is satisfied with it [definition] and would like to discuss it today to see if everyone is on the same page.

The vice chair went on to read Oregon's definition for advertising as, "*Publicizing the tradename of a licensee together with words or symbols referring to marijuana or publicizing the brand name of marijuana or a marijuana product*" and said that she felt that it encompasses what the commission needs because there is no definition on advertising in the commission's regulations and added that the commission voted previously that all packing and labeling be printed in English.

The commissioners agreed with the advertising definition, however, the chair indicated that he wants to first make sure that it is consistent with section 151 of Public Law 20-66,

which was then reviewed and then Vice Chair Hofschneider said the language in section 151 [of the statute] is also contained in the regulations except for the definition of advertising. A brief discussion followed...

- Vice Chair Hofschneider then motioned to approve for inclusion into the regulations the definition of advertising as, “*Publicizing the tradename of a licensee together with words or symbols referring to marijuana or publicizing the brand name of marijuana or a marijuana product.*” Seconded by Secretary Songsong. All commissioners voted in favor of the motion; motion carried.

#### **4.) Definitions of Solventless and Solvent-based; discussion and voting**

Secretary Songsong mentioned that the vice chair requested for definitions for these since the commission is in the process of processing processor applications and that the commission wanted to distinguish the two different types of processing methods; starting with solvent-based extraction [or processing], the commission realizes that laboratory testing facility and zoning permit is required for this type of processing activity because it involves solvents, chemical, health hazards, and potential fire, so there is a need to distinguish the two types of processing methods; with solventless processing, it is the manual or mechanical processing of existing marijuana flowers that is natural and solvent-free, extracted by water, heat pressure press and then read the following proposed definitions as follows:

- Solventless extraction means a solvent-free mechanical process of separating resins from marijuana flowers or leaves using water, vegetable glycerin, or heat and pressure press.

The secretary pointed out that the regulations’ original definition indicated water and vegetable glycerin, and that the new addition would include heat and pressure press, which was referred to [by Saipan Select] as the bud smasher; and

- Solvent-based extraction means a chemical process of separating resins from marijuana flowers using solvents such as butane, hexane, isopropyl alcohol, ethanol, carbon dioxide, which is already in current regulations.

Secretary Songsong reiterated its [defining] purpose is to separate and distinguish the two different processing methods, solvent-free process and chemical process; he further explained that he came across a current definition under “*marijuana extract or marijuana concentrate*” in the regulations identified as (x), and that since both solventless and solvent-based processing methods produce a similar product [an extract or concentrate],

the commission may want to consider amending its definition as well to distinguish the two new definitions for solventless and solvent-based extraction.

The secretary read the current regulatory definition that defined “marijuana extract or marijuana concentrate” as, “*A product obtained by separating resins from marijuana by solvent extraction, using solvents other than water or vegetable glycerin, such as butane, hexane, isopropyl alcohol, ethanol, and carbon dioxide: which is produced only by a licensed marijuana establishment.*”

The secretary then suggested an amended definition to consider under definition (x), for *marijuana extract or marijuana concentrate* as:

- *A product obtained by separating resins from marijuana by solventless extraction using water, vegetable glycerin, or heat and pressure press, or by solvent-based extraction using chemical solvents such as butane, hexane, isopropyl alcohol, ethanol, and carbon dioxide: which is produced only by a licensed marijuana establishment.*
- The secretary concluded that those definitions were disseminated to the commissioners for review and if there are no other suggestions and everyone agrees with the new definitions, motioned for the adoption of those three new definitions into regulations for *solventless extraction*, *solvent-based extraction*, and *marijuana extract or marijuana concentrate*, seconded by Vice Chair Hofschneider. All commissioners voted in favor of the motion; motion carried.

##### **5.) Personnel: Discussion on Managing Director hiring.**

Chair Palacios mentioned he has been going back and forth on this matter with the Office of Personnel Management and right now as it stands, the issue that they are having is the fact that the position requirements for change, from Public Law 20-66 and amended by Public law 21-05, dealt with the change of the position title from executive director to managing director; the second amendment that was made was the removal of certain qualifications on five years work experience in a cannabis or agricultural related industry, that was removed; now the only requirement is a bachelor’s degree from a U.S. accredited institution and five years’ experience in professional administrative or management in the private sector or in government; the issue that was raised in the chair’s conversation with OPM is on the ratings with some of the applicants and the way the OPM made their ratings, which was made on the premise of five years’ experience in professional administrative and management, but the word used in the amended statute [P.L. 21-05] is “*or*”; so the use of the word “and” would have encumbered all three

[qualification requirements], but because the word “or” other than the word “and” was used, it could be any one of the nature of the three but not necessarily all three [qualification requirements]; the second part that was not clear at OPM’s end and is not even clear in the statute was with the word “*professional*” and that in their rating procedures, what would constitute “professional” was not clear; that is where the stoppage may have taken place and they are trying to reconcile that because of those facts... the process of OPM’s rating of employment applications and the way that it is worded in the statute seemed to have been inconsistent with each other, so right now that is on hold; the three individuals that are on the list are the same ones that were on the previous list and that two other applicants did not meet eligibility associated with experience, professional or management, but they met the bachelor degree requirement; OPM’s understanding is that because the language in P.L. 20-66 is specific but was not used in the amended P.L. 21-05, any policies or regulations that came about as a result of OPM’s enabling legislation is therefore not in effect when it comes to P.L. 20-66 for this particular matter on the commission’s hiring of staff, the managing director’s position, and so forth, associated with the term used “*notwithstanding any provisions of law*”, the enabling legislation for the cannabis commission; similarly, the autonomy that the legislation granted the commission was wide ranging, broad, vague...

Discussions followed on the OPM and commission’s employment processes, applicants for the managing director’s position... the dropping of two out of the three applicants from the applicant list because one left the island [Saipan] and the other accepted a position as a board member with the Civil Service Commission, which left one applicant remaining, a Ms. Sablan, a financial crimes analyst from the Attorney General’s Office...

## **IX. New Business**

### **1.) Fees:**

#### **a.) Lower application fees; discussion and voting**

Chair Palacios expressed that at the current moment, it would not be to the commission’s favor to lower fees; if fees were to be lowered, the way it could be compromised would be is [identify] what is the one license that the commission would want to, not necessarily restrict, but put a lot of attention on as far as how one classifies and moves, which is the producer license because that is where the concern is even with the current license holders, is the [products] sitting on the shelf situation with inventory; if the commission were to decrease any of the licenses and fees, which is up to 25% without any legislative approval, then he will be okay with [reducing fee on] everything else other than producer license; but to then give emphasis to it, and what the commission is trying to accomplish in regulating the amount of inventory, that could be made more of a *market based dictation*, the fee increase for producers while decreasing the fees for retailers, lounges,

processors; in other words, decrease those three for retail, lounge and processor, so that it could encourage more revenue generating types of operations; increase the fees on producers so that it makes it more suitable to the current licensees that, yes, they are not necessarily going to be paying more for the existing license, but any new [producer] license coming on line; it goes back to the commission's obligation to take care, service, and look out for the best interest of the industry and that industry is the existing licensees, not the pending licensees, not the potential licensees, but the existing licensees, that is the industry, that is what the commission has; as commissioners, there is that obligation and responsibility to make sure we do not create something that is going to end up undermining the success of that industry, and that he is game for reducing the retail license, processor license, and the lounge license because those are all distribution points, but increase the producer license [fee].

Vice Chair Hofschneider asked for clarification about leaving the wholesale and laboratory licenses as is. The chair acknowledged having no applicants/licenses for those classes of license but could always revert back to address them when needed, but in just meeting what the commission is trying to do with growing the industry, to expand it, because the commission is now increasing and incentivizing distribution points, outlets, that is where the BGRTs are being borne out of, those three licenses; it takes the product off the shelf and into the consumer market, whereas the producer license puts products on the shelves; but the commission has enough producer licensees as is, at least on inventory, so again moving forward, the commission can make it more *market based to dictate* how the commission goes about with producer licenses.

Vice Chair Hofschneider suggested leaving the fees for Class 2 Lounge as is because it does not engage in cannabis sales, it is just a consumption lounge, consumers bring in their personal product, unlike the Class 1 Lounge.

Chair Palacios expressed that consumers buy it [cannabis] and take it over there, the thing is there is a place for them to consume and that with the Class 2 lounge, he is sure they are not just going to let people go in there and use it for free, there will be something that is going to be revenue generating; it could be the selling of nachos, Mountain Dew, vapors, and so forth, most of their stuff becomes a form of a revenue stream, the product driving it would be a place to go and consume cannabis.

The acting MD indicated that if the *license fees* for producers are increased, come time for renewal with the existing [licensed] producers, they will have to fork up the increase in the license fee and recommended that the producer license fee remain as is but to *increase the application fee for producers only*; that way, it affects only new [producer] applicants rather than the license fee. The acting MD reiterated that if the license fee for

producers is increased, all existing [producer] licensees will have to pay the new increased [license] fee.

Discussions followed on the proposed increase in the application fee for new applications instead of the license fee... other possible increases in fees by the revenue and tax office based on its cannabis taxation regulations mentioning its ability to place a percentage value on cannabis product sales if they feel cannabis products are being sold under valued... consideration of 25% fee reduction as an incentive to obtaining cannabis training certifications...

Chair Palacios expressed that the commission could consider a *decrease in [license] fees for retail, lounge, and processor* because those are distribution points, and for producer, existing licensees stay the same but *increase only the [producer] application fee* because existing licensees do not have to pay the application fee any more, they are renewing their license which stays the same; it is the application fee which now goes into reinforcing the value of the application, a new applicant would pay the new application fee but the license fee stays the same; it is not so much a form of revenue generation in that regard, it is more to compensate whatever loss as a result of a decrease in license fees on the retail, lounge, and processor licenses; it may not be much, but at least it shows that it was a thought out process, that it is not being done to under value the market, but being done to incentivize the existing industry to expand because now it would cost less to open shop in Tinian or Rota; but if one is to come in as a new producer, they would pay an increased application fee; it was discussed about controlling the number of producer licenses and also to look for ways to increase the value of the license, setting value to a license because it is limited, to protect the existing industry...

- The chair suggested that the subject matter [increase in producer application fee and decrease in license fee for retail, lounge, and processor] be tabled for tomorrow's meeting [August 18, 2023] for further discussion with Commissioner Iguel's input.

The chair indicated that the other thing he was thinking of was about registering cannabis licenses as the property of the cannabis commission, with the understanding that a cannabis license cannot be transferred but a cannabis business can be transferred; and inquired [with the AAG] if there is a way where a cannabis license can be registered as the property of the cannabis commission with a disclaimer of indemnification, understanding the potential exposure of liability, to add a disclaimer that this is the commission's product... The AAG asked what the commission's interest is to do that.

Chair Palacios replied [to the AAG] that it is just going back to placing value on a license, for example, if a new investor enters [the industry], at some point the

commission is going to have to say that this is the cut off number for licenses; that being said, there is nothing stopping a current license holder from saying to another that instead of waiting for the commission to make available another license, buy my license for this amount; it is just to make sure that whatever other monies or revenue that could be generated from the licenses, that it stays with the commission. The AAG stated a license is non-transferable anyway.

The acting MD acknowledged that a license is non-transferable and that new owners of a cannabis business would have to be vetted again, go through the application process, and considered for licensing. The AAG advised that the commission should not engage with that idea at all or get involved with it, it is a property right, a business may sell to another business and that the commission cannot control that type of business transaction, it is a business decision...

The chair explained that the license attached to a cannabis business should be put out for public bid to be fair with all others and not for the commission to be beholden to the purchaser of a cannabis business... The AAG expressed understanding of the chair's concern and would advise further in executive session depending on where the commission is going with this and some of the pros and cons of it to make sure that it is all clear.

- The chair asked the commissioners if they were okay with moving into executive session. All commissioners acknowledged in agreement.

*[Part 2 of audio recording started here after lunch recess]*

The chair called the meeting back to order at 2:38 p.m., reintroduced the members present in the meeting, and reiterated discussions in agenda item IX (1) (a) prior to lunch recess relating to the lowering of license fees for distribution outlets, e.g., retail, lounge, and processor, and the increase of the application fee for new producers and expressed fondness of that idea, and then asked Commissioner Songsong his thoughts on the matter.

Secretary Songsong replied that he will speak for Rota and expressed his dislike for an increase on the producer application fee for Rota applicants since no one has started anything there.

Chair Palacios acknowledged the secretary's concern and said that the producer application fee can be made only for the municipality of Saipan, but for the municipalities of Rota, Tinian, and Northern Islands, they are exempted from an increase in the producer application fee, it remains the same with the existing producer application fee. Secretary Songsong acknowledged in agreement.

Vice Chair Hofschneider and the chair touched on figuring the amount of the increase for the new producer application fee for Saipan only, and that the decrease in license fees for retail, lounge, and processor would not be more than twenty-five percent (25%) as stipulated by statute... to seek a compensatory ratio between the increase in producer application fee and the decrease in license fees to compensate for the loss in license fees, it won't be exact but a figure that would be acceptable; table this matter until tomorrow's meeting for Commissioner Iguel's input, institute a temporary pause on producer licensing for now until the commission investigates what is happening with cannabis product inventory... tracking system, compliance officer to investigate the cannabis marketplace...

The vice chair expressed the need for a decrease in fees for Tinian and Rota because of its small population and financial disadvantage, and recalled the wholesaler requirement for micro-producer applicants being eliminated until the population on Tinian and Rota reaches eight thousand (8,000) people; a lot of people on Tinian have expressed difficulty with the commission's fees... Secretary Songsong expressed similar sentiments on Rota that the vice chair shared. The chair acknowledged the vice chair's concerns on the commission fees with the municipalities of Tinian and Rota.

Discussions followed on cannabis matters and fees relating to the municipalities of Tinian and Rota... small population and small number of cannabis consumers, potential applicants... incentivize the industry on Tinian and Rota... estimated 400 daily consumers on Saipan purchasing every three days and estimated 11,000 purchasers at least once a month, 300 estimated consumers on Rota (approximately 8.6% of the population)... encouraging unlicensed producers on Tinian and Rota to get into compliance through a reduction in fees... statutory limit of not more than 25% reduction in fees... law enforcement by DPS or hiring of an enforcement officer... cannabis thieves of outdoor grown and homegrown cannabis on Rota... the reduction in fees for Tinian and Rota to incentivize industry expansion outside of Saipan...

- The vice chair motioned to table agenda item IX (1) (a) on the lowering of fees for tomorrow's meeting [August 18, 2023] with Commissioner Iguel for voting, seconded by Secretary Songsong. All commissioners voted in favor of the motion; motion carried.

#### **b.) Fees to include electronic copies; discussion and voting**

Chair Palacios inquired if Commissioner Iguel raised this matter... a brief discussion followed...



- The Vice Chair Hofschneider then motioned to table this agenda item for tomorrow's meeting, seconded by Secretary Songsong. All commissioners voted in favor of the motion; motion carried.

## **2. Prospect of Laboratory; discussion and determine next steps**

The vice chair expressed that there have been interests with people wanting to produce edibles and for the establishment of a laboratory; the laboratory regulations was modeled after Oregon's which was circulated to the commissioners that covered the basics with what the commission is looking for with a licensed laboratory; currently, the commission has no laboratory applications in progress, so she looked into the Bureau of Environmental and Coastal Quality's website and noticed that they work with four Division of Environmental Quality certified water laboratories, the DEQ, Commonwealth Utilities Corporation, Eurofins Analytics, and Quality Water, Inc.; the idea is to seek a Memorandum of Understanding with the DEQ if its lab would be capable of taking on analysis of cannabis products because they have a California company that also works with them, or if they can manage to do it here on site and provide information on cannabis products; basically communicate with the BECQ and see if it would be possible to initiate an MOU with them to start having lab tested cannabis products; one of the four laboratories that the DEQ is using, Eurofins Analytics located in California, seems to offer other forms of testing opportunity; Eurofins Analytics has not been contacted yet, wanted it discussed first about and to let the commission know that is the next step the commission will take with the potentiality of having an MOU with the BECQ because the reality is the BECQ is in the CNMI and if there is a lab opportunity with them, revenue will still enter the government through them; licensed cannabis businesses will engage the laboratory testing requirement through the commission for product testing; the commission has talked about product testing and the potential of Tinian and Rota products being shipped for testing, or the establishment of satellite offices on those islands depending on how easy, complex, or feasible it would be to establish one; inquiries are being made at the moment with what may be available in the CNMI first, other than that, she is hoping to find someone that is interested in opening up a cannabis testing lab; it would be wonderful if the BECQ would be able to provide that service, which would be a revenue generating benefit for them.

Discussions followed... the unknowns of the CUC or BECQ's laboratory water testing company's capability in performing cannabis testing... inquire with Eurofins Analytics about their offering of other testing options... cannabis laboratory accreditation, International Organization for Standardization (ISO) certification... MOU

establishment with BECQ with an accredited laboratory capable of conducting cannabis testing, product sample chain of custody...

**RECESS:** Chair Palacios called for a ten-minute recess at 3:49 p.m. The meeting was subsequently called back to order at 3:59 p.m.

Chair Palacios reiterated earlier discussions on laboratory prospects and mentioned that the next steps being considered is to contact Eurofins Analytics about their testing options and communicate with the BECQ on establishing an MOU if their laboratory service providers are capable to performing cannabis product testing.

### **3. Hemp industry; discussion**

Vice Chair Hofschneider indicated that the commission initially had control over hemp cultivation under Public Law 20-66 but then with the statutory amendment...

The chair interjected and said that he had a question about that because on the amendment of P.L. 20-66... the vice chair inserted with the regulating of hemp by the Division of Agriculture and their setting up hemp licensing and the establishment of a revolving fund for its enforcement...

The vice chair said that she has not found any information about the Division of Agriculture indicating that since the amendment of the cannabis law on May 18, 2020, that they had any hemp applicants and any potential for a lab, and there are inquiring with the commission who are interested in hemp cultivation; there was an applicant that was interested in exporting hemp products, cultivation in Tinian, extracting through processing with coconut oil and its exportation; she's researched the DOA to find if they had created any regulations for the hemp industry but has not found anything, just the Public Law 21-05, which had the DOA assume responsibility over the hemp industry; there are establishments present that sell CBD hemp products who currently do not have licenses, that is the fact understanding that it is not under the commission's jurisdiction; the thing is the commission has a potential hemp applicant that is interested who was provided a producer application but it was then determined at the end of the conversation that it may have to go through the Department of Lands and Natural Resources' DOA for a hemp production license but there is none; it is not the commission's problem but it is disappointing that someone in Tinian is interested and without any regulations for hemp production and processing, is it supposed to come back to the commission.

The chair expressed the possibility of statutory amendment to have hemp revert under the commission's control.

Vice Chair Hofschneider cited the Farm Bill that mentioned its responsibility lies with the agriculture department, the U.S. Department of Agriculture, but the commission should look into those specifics...

Discussions followed on the DOA's non-establishment of a its hemp industry and its taxation... hemp's competitive advantage in the cannabis marketplace... delta-8 THC hemp CBD... review of USDA Farm Bill...

Secretary Songsong added that the reason why hemp was transferred to the DOA was to take advantage of the USDA's hemp program opportunities, e.g., grants, technical assistance funding, fiber, textile, etc., and that the DOA may not have developed its state hemp plan; the Tinian group interested in hemp cultivation may want to verify the matter with the DOA's Director Ogumoro, however, if the DOA does not have a state plan, that Tinian group may want to communicate with its stateside partners to seek information from the USDA in using the federal government's hemp plan, but the hemp industry also requires laboratory testing to verify that the hemp is .3% THC or less.

The vice chair mentioned that she would meet with the hemp inquirer next week and expressed disappointment in not having anything to work with or what the commission can do at its end with a potential hemp applicant who is planning to engage in a big venture.

Discussions followed on options for the CNMI's hemp industry, the reversion of hemp to the commission, communication with stateside hemp associations who assist states with drafting state hemp plans, develop state hemp plan or use federal hemp plan, shared responsibility agreement with the DOA with applications, licensing, and processing so that the DOA may still avail of USDA grant funding opportunities...

Chair Palacios concluded discussion indicating that he will communicate with the DLNR Secretary on the hemp matter with its DOA...

#### **4. Interpret Homegrown; discussion**

The acting MD recalled previous discussions on eliminating the structure in the homegrown process.

The chair mentioned that what was discussed in a previous meeting in regard to homegrown, there was a section that stipulated all things that needed to be done, then

it goes back to the *commission shall not regulate...* on Section 108 (12) (f), page 22 of P.L. 20-66 says, “*the commission shall not regulate personal cultivation of marijuana*”, which is homegrown; the commission is going to do the registry, permit, fee structure for the permit, issue the permit and do all those things, and then it ends with, “*the commission shall not regulate personal cultivation.*” The acting MD added that it cannot be denied either.

Discussions followed... the inability to deny homegrown applications, non-regulating, no uptick on the number of homegrown applications submitted and/or permits issued... possible convenience for many consumers to patronize cannabis retail stores rather than grow themselves, no worry of pests or thief... the commission’s lack of standing to regulate homegrown... staff and AAG reviewed the public law and the law revision’s 4 CMC § 53012 statute which seem to suggest inconsistencies between the two and the need to seek clarity on the matter of *shall not regulate personal homegrown cultivation...* the intent of the cannabis law to regulate cannabis in its entirety... revisit and discuss the matter with the legislature, the oversight chair about the ambiguities... and concluded agreeing to revisit the subject matter with the legislature.

## **5. Policy proposal to temporarily suspend producer licensing; discussion and voting**

Chair Palacios indicated that this is not to temporarily suspend but to temporarily pause producer licensing, which was discussed to some extent in agenda item IX (1) (a) under fees; this is to temporarily suspend producer licensing for Saipan, if it is not pending, it is new; if it is pending, then it is grandfathered in, but anything new can be subjected to the increase in [application] fee for new licensing, only for Saipan, not the three other municipalities.

The chair then asked the commissioners if that was agreed upon, although an amount of the increase has not been agreed on for Saipan producers... The chair asked if there was any motion to temporarily pause new producer licensing in Saipan only.

- Vice Chair Hofschneider motioned to temporarily pause the issuance of new producer licensing of any class in the municipality of Saipan, which does not include the pending licensing in the possession of commission that has not been approved, seconded by Secretary Songsong. All commissioners voted in favor of the motion; motion carried.

## **6. Adopt the Use of Commission Directives; discussion and voting**

Chair Palacios introduced this agenda item and recalled earlier discussions in which a resolution was mentioned, and expressed uncertainty whether it was just the semantics of it, and said directives are somewhat flexible than resolutions and that resolutions are somewhat formal than it is with directives; for the purpose of expediency on some issues and even efficiency to some regard, suggested the use of commission directives instead of commission resolutions or commission advisory; to use directives to be streamlined so when talking about directives, it's something that is not so much of a policy, it's temporary in nature.

The AAG inserted that she would ask that pursuant to the OGA (Open Government Act), the commission publish it in the register.

Chair Palacios asked the AAG if she meant for the use of directives instead of resolutions.

The AAG replied that the name does not make a difference if it is a directive or resolution, it is considered a board order because the commission voted on a policy decision, and of course because it is temporary and whatever it is called, the commission would want to give notice to the public.

The chair asked the AAG if she is talking about the use of the word commission directive over the use of the word commission resolution, or the temporary pause on the issuance of producer licenses.

The AAG replied that she is just saying that the commission's vote is something relevant and for the public to have notice and it should be published in the register.

The chair reiterated his question to the AAG for clarification if she referred to the vote the commission made regarding the temporary pause of issuing new producer licenses for the municipality of Saipan. The AAG acknowledged that is correct to memorialize it and publish it.

The chair acknowledged the AAG and then reverted to earlier discussions on directives and resolutions and reiterated his talking points... Vice Chair Hofschneider shared that the use of resolutions started since the commission's inception and that policy directives were used in Canada; the commission then shifted from resolutions to bulletins and then to compliance advisories, and expressed preference with a policy

manual and policy directives that explains and introduces what it is regarding, what the issue is, what the new or current policy is, and to issue it to all the licensees.

Chair Palacios addressed the AAG and said that it [current discussions] were more of a housing keeping issue, and from what Commissioner Hofschneider pointed out is that commission notices were issued under three or four different labeling, policy regulation, advisory notices, bulletins, resolution; what the commission is trying to do is eliminate confusion as the commission communicates with vendors [licensees] and the public, there is more transparency and understanding by just simply calling it a “*commission directive*”; to give it one name, adopt that name and move forward so that the commission does not have four different names into how the commission communicates with the public and vendors, it takes away the confusion as to what is the difference between a commission resolution, advisory, notice, and bulletin, when it really is just a matter of, in his opinion, giving it a name to how the commission delivers its message; it is still going to be the same subject matters and issues as it pertains to the cannabis industry and how the commission moves forward and adopts things, what is coming up and so forth, but it is the way the commission will communicate with the public and just call it “*commission directive*.”

The AAG asked for clarification if the commission is just voting on what to call its decision making or did the commission just vote to make a decision. The chair indicated that it is just how the commission is going to communicate with the public regarding commission matters [through directives]. The AAG asked didn’t the commission just \_ to temporarily suspend producer licensing on Saipan. The chair replied that discussions were on... Vice Chair Hofschneider interjected and said to the chair that is what the AAG asked. The AAG responded that is what she meant and is not talking about any of that [directives/resolutions], that is different, just saying that the decision the commission just voted on, because obviously it could potentially affect the public, to memorialize it and publish it.

Vice Chair Hofschneider, expressing familiarity with publishing regulatory amendments in the register, inquired with the AAG about the process with publishing the producer licensing pause being that is it temporary.

The AAG replied that with the temporary pause, it can be published by regulation or commission order and that the commission should look into the definitions provided in the CNMI APA (Administrative Procedure Act), what definitions the commission finds that this is, it will receive the notice requirement that way and that commission publishes it, the commission needs to let everyone know, and sees the directive as something where it is applicable to licensees or pending licensees...

Vice Chair Hofschneider then suggested for its publication [temporary pause of producer licensing on Saipan] through a *commission order* in the register...

Chair Palacios asked but what is the commission going to call it then, is it a commission resolution or an order. The AAG suggested reviewing the definitions provided in the APA as to what applies, it could be an order, decision; whatever it is, the commission decides and selects from there and that is how the commission should publish it.

The chair expressed if the APA already has definitions and it has been used, suggested the commission's adoption of the APA as the guide for any issuance of communications with the public regarding orders, notices, decisions, etc....

Discussions followed on the initiation processes for the publication of the commission's vote on the temporary pause of producer licensing in the commonwealth register...

#### **7. Cease extensions for all AIPs twelve months from issuance date; discussion/vote**

The chair introduced this agenda item and said that if an applicant is issued an AIP (approval-in-principal) in July of last year and because it has already lapsed, it is now August, anything that has not lapsed after August; if an applicant received it in October of last year, come October of this year, it will be one year, that would then affect that AIP, but anything that had lapsed prior to August unless there was already an extension given...

The acting MD said not at this point; the extensions he issued were six months for some which had the same stipulations as the initial AIP; they are supposed to contact the commission to schedule an on-site inspection, or should more time be needed, to submit a request for extension prior to the AIP expiration date.

The vice chair asked the acting MD if the AIP letter mentioned consequences, saying that that if an extension request is not submitted, this is what happens then, or if all it says is to just do it [commence development], there is no...

The acting MD acknowledged the vice chair that there is no mention of consequences in the AIP letter and said that because the commission has AIPs that lapsed, the intension is to move for denial; is working on the actual language which he was going to collaborate with the AAG but wanted to review the statutes and regulations first to make sure that subsections are cited correctly.

A brief discussion followed on application [AIP] denials, the issuance of extensions after one year...

The acting MD explained that the reason for the [AIP] extensions is for the applicants to continue preparations and completion of their facility for inspection [to verify compliance with facility set-up to determine operational readiness prior to submission to the board for a decision on licensing]; in most cases, they [AIPers] return for extension because most of their supplies to complete their facility has not arrived or have some financial restraints at a particular moment; usually when an AIP extension request is received, more or less, they receive an additional six months, and with that additional six months, the same stipulations as their initial AIP letter carries over.

Chair Palacios expressed that the reason why this matter came up, during a previous meeting, there was someone coming up with a third extension; basically three extensions is representative of three years and the problem that posed to the industry as a whole is in that when the commission makes its presentation, with say on economic impact, when first talking to the legislature, it is how many total licenses, sixteen or seventeen, that includes the pending, approved, and AIPs; some of them [the legislature] just see that as seventeen licenses, so if the seventeen licenses is taken and say if they generated 2.58 million dollars in two fiscal years, that is not a lot, but that is because it is based on the number seventeen, dividing it by seventeen; and to take that down a little further and say that out of the seventeen, there are only a total of ten to include pending; the real number here that represents the 2.58 million dollars in the two fiscal years in economic activity is attributed to only five or six actual licenses that are active; so what is happening is that it obscures the numbers because it is showing in the commission's numbers at least that these numbers are pending, pending for three years, and if an applicant is not ready to do business, then they should not hold up, especially if the commission goes into limiting and capping the number of producer licenses; if the commission were to cap it at ten or twelve [licenses], the continued AIP extension after one year is just denying a real investor because that space is still occupied; it is either one year that an applicant is applying, they got one year to take care of their business and if they are going to come back to the commission and say zoning [delays], then his response is how many times has the applicant called the zoning office to irritate them so that their zoning application can be addressed; because if the applicant just waiting, that tells him, not to say that an applicant does not want to get into the business, but that somebody else has more desire to get into the business; how many times has the commission heard that applicants are waiting for zoning, he has been with the commission for three and a half months and he has heard that term so many times, the commission has nothing to do with zoning, they need to go to zoning; what the commission is trying to get here is to



eliminate this [AIP] so that when applicants come to the commission, it is for the commission to decide whether to approve or disapprove, the commission is not going to be held hostage by the lack of the zoning office taking action [for zoning permit] or the lack of revenue and tax taking action [for business license] because the applicant may have somehow felt that it is not worth their time to go down there [to the zoning office] and irritate them to give them their permit, and that is just him [the chair's thoughts].

The acting MD clarified that all of the AIPs have already completed the prerequisites as far as zoning, and everything is reliant on their facility preparation and completion; with the three AIP extensions, one particular applicant was one of the first applicants from the onset of the commission; at the time, along with Covid... that was their excuse...

Chair Palacios expressed the validity of the excuses [delays caused by the Covid situation] but it does not change the fact that the reality is that at some point, and it is not going to be in the very distant future, the commission would have to cap producer licenses, and if the commission is going to keep extending [AIPs], it is as if they are not ready to do business; yes, they [finally] met the requirements of zoning and other requirements, and then analogized that if they are not ready to build their house, then they are not ready to build their house; he is not going to wait around to inspect because they are not ready, sorry, they are not ready, they had one year to get ready, because at some point, if that is the case, then this is just one of those building blocks; so when the commission comes to that crossroad [limit licenses], the commission will need to vote that this is the cut off number [of producer licenses]; the commission is only going to have ten producer license in Saipan, the commission is not going to be dealing with [AIP delays] and be stuck; yeah, the commission has ten [producer licensees] but it also has six pending with AIPs, because now it is not ten anymore, it is sixteen and the commission is going to be stuck with it and end up killing the very industry that the commission has been striving to nurture; so this is just taking this [AIP] out, if they are ready to do business, then they are ready to do business, if they are not, then they are not, but the industry as a whole and the potential for the industry as a whole should not be held hostage because somebody is not ready to do business.

The chair stated to the acting MD that if he is the one that is dealing with the AIPs, he [the chair] can compromise and back off if the acting MD feels that, maybe getting together with the AAG and finding out exactly what is going on with how the commission is going to go about it, especially with the AIPs that lapsed.

The acting MD indicated that as far as inspection is concerned, that is what applicants are preparing for, and because the commission does not necessarily have a standard checklist as to what should be there, in the hopes that when an applicant is looked upon for determination, that it has to be there, as opposed to what could be there later on; and so when the commission works on that, maybe the commission can at his point have somewhat a picture and explain to the applicant that if they received their inspection notice within their premises, this [items and/or facility] should be there upon inspection, that they have twelve months to fulfill it; if the applicant does not have those in place then... Chair Palacios inserted what is the timeline normally given for AIPs. The acting MD replied twelve months but for some applicants, some reach it [accomplish the prerequisites] in three months while others in six months.

Vice Chair Hofschneider said that the AIP is not in the regulations, it was arbitrary... it is not in the regulations or a policy. The acting MD inquired if it could be a commission order.

Discussions followed... reiteration of twelve months from AIP date of issuance to ready cannabis business, avoid the granting of another twelve-month extension... the applicant to return to the commission when they are ready but not another AIP extension... holding a slot/the commission hostage... allow for discretion because of no fault of their own, delays caused by the Covid situation... moving forward outside of calamities... AIPs having twelve months to ready and take care of their business but not another twelve-month extension... at some point the commission is going to stop enabling them anymore and will no longer be enablers anymore...

The acting MD clarified that the commission had seven [AIPs] and out of the seven, there were only two so far that are current AIPs, the other five had lapsed [expired] and will go through the denial process, and that after the AIP, it [the AIP letter] is going to be an inspection notice.

The chair instructed the acting MD that show that the commission has compassion, review those five AIPs that expired and find out what is their hold up, and if their hold up is still the same thing as last year, dig into what has been done to address the hold up because if that [unknown] is their hold up from a year ago, what have they done to mitigate their hold up to try and correct it; what have they done to change it, to make it a reality, to make it what they want, which is to be a part of the cannabis industry, because if they have not done anything within that one year, then it is not going to change it a year later, that is where they are stuck; get back with them first, then the commission can find out what exactly it is, financial difficulties, etc., and if it is something within the realm of the commission to help the AIP applicant, perhaps

provide advice or guidance... The acting MD replied that he feels the extensions that they were granted were more than enough...

Chair Palacios inserted that he would leave that discretion to the acting MD and trusts his judgement, but to keep in mind... [earlier discussions]; give them AIPs a call to see where they are at, use judgement, discretion, and authority...

The chair concluded that in lieu of issuing extensions for AIPs, the commission would go ahead with the current practice, which is the acting MD is going to conduct an inspection on the pending AIPs, and the five AIPs that have already lapsed, but in fairness to everybody, to at least reach out to them so that it shows the commission reached out to them and did not just shut them out, find out what is going on and use discretionary authority to decide... [course of action]... and if that discretionary authority is not present [with the acting MD], the chair granted that discretionary authority...

The AAG addressed the chair noting the discussion and wanted to talk about the procedure in granting discretionary authority to the acting MD in executive session.

The chair acknowledged the AAG and then moved into executive session at 5:38 p.m., and subsequently reentered this agenda item at 5:45 p.m. from executive session and stated that this agenda item was on discussion and voting to cease issuance of AIPs; the voting part is rescinded and that it was the general consensus with the advice of the AAG as to the proper way to approach the matter and will move forth with what was discussed in executive session.

## **8. Executive Secretary Summary Email – post board meeting discussion**

Vice Chair Hofschneider expressed that what happens when the commission has long meeting days with its discussions and what should get done, it is difficult to recollect all previous meetings' discussion points, unless reverting to the meeting minutes but minutes aren't... [up-to-date]; if the commission needs something done right away but is having difficulty remembering previous discussions, it is difficult to figure out who has what, who was tasked with what, notes on agenda items that should be in the following meeting; she talked to the executive secretary about it, to have it raised in this meeting, to have the executive secretary note the tasks and who was tasked, and the executive secretary summarizes it in email form right after the meeting so that the commission is reminded of the tasks that needs to get done.

Chair Palacios acknowledged the vice chair and said that part of the Office Coordinator's (Ms. Fleming) duty would be to that and to connect with her, and those information that need to be noted and addressed by either the staff or commissioners be disseminated to avoid confusion as to what the task was and who was tasked... it would get a lot more smoother once the commission hires another personnel to come on board... and expressed that he is all for multitasking but not multiple multitasking, can do fifty things but not fifty-one things... help is on the way to address the commission's personnel shortfall and for commission efficiency...

[Part 2 audio recording of meeting ended here].

## **X. Treasurer's Report**

[Part 2 audio recording of meeting ended above at the end of agenda item IX (8) and did not include the Treasurer's Report. It is assumed that the Treasurer's Report was tabled for the next day's meeting on August 18, 2023, as Treasurer Iguel was absent during this meeting.]

## **XI. Acting Managing Director's Report**

[Part 2 audio recording of meeting ended above at the end of agenda item IX (8) and did not include the Acting Managing Director's Report.]

## **XII. Executive Session**

### **1. Legal matters – AAG**

Chair Palacios entered executive session at 11:54 a.m., from agenda item IX (a) relating to control of commission licenses; the chair announced exiting execution session at 1:16 p.m.

**RECESS:** The chair then called for lunch recess until 2:30 p.m.

[Part 1 audio recording of meeting (Aug 17, 2023, recording (1)) ended here.]

The chair entered executive session at 5:38 p.m. from agenda item IX (7), and subsequently exited at 5:45 p.m., and back into regular session.

## **XIII. Adjournment**

[Part 2 audio recording of meeting ended at the end of agenda item IX (8) and did not include meeting adjournment.]