



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 31, 2023, at 1 P.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. Revision of application
 - Amended Individual History Form with the addition of notary requirement; discussion and voting
 2. Fees:
 - Determination of application and license fee charges; discussion and voting
 - Charge accounts and codes; discussion and determine next steps
 3. Update Processor applications: solventless/solvent based
 - Amended processor and application forms; discussion and voting
- IX. New Business
 1. New premises inspection letter; discussion and voting
 2. Develop regulations for abandoned applications and amend §180-10.1-350 Withdrawal (a&b); discussion and voting
- X. Treasurer's Report
- XII. Executive Session
 1. Commission Business
 - Interview of Managing Director applicants
- 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, 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 on or before the meeting date. Oral testimony may also be presented during the meeting on Thursday, August 31, 2023.

CNMI Cannabis Commission
September 01, 2023, Meeting Minutes
(Continuation of August 31, 2023, Regular Session Meeting)

I. Call to Order

Chair Palacios stated that the CNMI Cannabis Commission returned from recess to continue yesterday's meeting and called the meeting to order at 9:45 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 asked Executive Secretary Ms. Natasha Palacios to call roll of the commissioners as follows:

Commissioner Thomas Songsong [Secretary], representing Rota, was present;
Commissioner Journie Hofschneider [Vice Chair], representing Tinian, was present;
Commissioner Jose Palacios [Chairman], representing Saipan, was present.

The chair expressed meeting quorum and that Commissioner Iguel [Treasurer] is excused as he will attend a family personal function [funeral service] and recognized the presence of Acting Managing Director Mr. Erik Basa and the executive secretary, including legal counsel AAG Keisha Blaise who attended the meeting via Zoom.

III. Consideration and adoption of Minutes of prior meetings

The chair stated that the commission tabled agenda item number IV of yesterday's agenda and asked the members if the adoption of minutes of prior meetings will be revisited.

Secretary Songsong indicated that it was tabled [in yesterday's meeting]. The chair then reiterated that it was tabled as was motioned until further notice.

IV. Old Business

2. Fees:

- **Determination of application and license fee charges; discussion and voting**

The chair moved to agenda item number VIII (2) under fees, determination of application and license fee charges for discussion and voting and asked Vice Chair Hofschneider if this matter would be tabled or discussed and expressed belief that she and Commissioner Iguel may have worked together on this item.

Vice Chair Hofschneider said that she was not involved with it but there was an ongoing discussion on how the commission wanted to decrease fees and is not aware if Commissioner Iguel was working on something with it.

Chair Palacios acknowledged the vice chair and mentioned previous discussions about the decrease in fees which the commission already approved for the three municipalities (Rota, Tinian, and the Northern Islands) except Saipan, which remains status quo or no changes; what was voted on was based on Public Laws 20-66 and 21-05 under the fee schedule in that the commission may decrease [fees] it no more than twenty-five percent (25%), and what was voted on was that it will be across the board, that is all license types, only for the three municipalities, and then asked how will the commission assess it, e.g., data driven, and then asked Commissioner Songsong's input for Rota on how does he see it being an incentive, if he is looking at a full 25% fee decrease.

Secretary Songsong expressed support for a full 25% decrease in fees for Rota for now, including Tinian and the Northern Islands, on all licenses, at least to get interests started, then make adjustments later when the commission sees the need. The vice chair shared the same sentiment and agreed with a full 25% decrease in fees.

Discussions followed about the 25% fee decrease for all license types, a provisional decrease in fees for the three municipalities that may be changed later upon the commission realizing an influx of applicants/licensees and/or an overflow of cannabis products into the marketplace that would prompt a reassessment and reinstatement of original fees at a later date...

The chair raised a question with existing licensees in Saipan, if they see that opportunity in Rota or Tinian, would a licensee still be covered under the Saipan license or would that license be... because it is going to exempt the current licensees in Saipan from the fee schedule, then maybe the process, if they are an existing licensee in Saipan, if they can avail themselves to this decrease in fees in the other municipalities or would they be locked in because their license is here in Saipan.

The secretary said that existing Saipan licensees who decide to operate in the other municipalities should be afforded the same 25% fee decrease and that they would also have to apply for a business license to operate on Rota, it is open to Saipan cannabis operators also.

Discussions followed on cannabis licensing, business licensing, and regulation verbiage on cannabis industry activities taking place in the three municipalities, and the mention of the 25% decrease in fees through a commission order...

Chair Palacios stated for clarification, the post motion in regards to the determination of application and license fee charges for the municipalities of Rota, Tinian, and the Northern Islands, is a full 25% reduction in fees as allowed under Public Law 21-05's fee schedule granting commission authority to decrease fees 25% for the three municipalities, and that licenses or applications, activities in Saipan, remain status quo with no changes, and then asked the commissioners if that was correct.

Secretary Songsong and Vice Chair Hofschneider agreed with the chair's statement. The chair then asked if there was going to be a motion for that.

The acting MD asked about the increase in fees for Saipan [producer application fee]. The vice chair responded that it was already voted on.

The chair said what was discussed was that a fee increase [in Saipan] could [theoretically] also compensate for a loss in fees [from the other three municipalities], but in hindsight, there is no loss because there is no activity in those three municipalities; so there is no loss as to revenues in Saipan, no loss to the existing registry, the revenue stream is here on Saipan, so there is no loss even if they were to open in any of the three municipalities, that would only add-on less 25%, it would only add on to the existing revenue stream; the decrease [in fees] is not going to have any impact or any effect on the existing revenue stream; in hindsight, increasing [fees] would then put further burden on the current licensees where the opposite would then happen, instead of incentivizing to the other three municipalities as a means of growth and expansion, an exodus could be seen where the current market is based to the other three municipalities because it would be cheaper to do business there; that way the industry is still protected, all the commission is doing is providing an incentive, not necessarily to current licensees, but to new licensees that may want to start in the other three municipalities, it is a way bring additional income because it has no impact on the current revenue stream. The chair then asked if there was a motion on the subject matter discussion.

- The secretary motioned for the application and license fee reductions for the municipalities of Rota, Tinian, and the Northern Islands, the full 25% pursuant to Public law 21-05, which also applies to Saipan [cannabis] businesses who may want to operate in those municipalities, for all license types. Seconded by the vice chair.

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All commissioners voted in favor of the motion; motion carried.

V. Update Processor applications: solventless/solvent based
3. Amended processor and application forms; discussion and voting

Chair Palacios said that agenda item VIII (3) was approved in yesterday's meeting, but the commission was still in discussion about the amended processor application form with respect to the notary.

Vice Chair Hofschneider indicated that it was already approved to have a notary on it. The chair mentioned that the discussion then stopped at the digital or hand drawn [floor plan].

The vice chair responded that it will be revisited at future date and considered to leave it as is, either hand drawn, or computer generated; that will not be changed on the application and that Commissioner Iguel said he would review the matter further to determine how the commission would move forward with that idea.

The chair mentioned that it [floor plans] was discussed that the commission could adopt whatever is submitted to the zoning board/zoning office, approved by the zoning board, and through the commission's inspection process, a determination can be made to verify if there were changes that would impact the industry.

The vice chair expressed that the only thing she mentioned in which she and the AAG both agreed, is that the zoning office would just look at the square footage while the commission looks at the interior/exterior plans and schematics, e.g., egress, ingress, surveillance cameras, layout of all the different rooms, dimensions, etc., so to lay that out to say that the commission would just accept the zoning office's submitted floor plans, then the commission could need those floor plans updated to include all the commission's floor plan requirements.

The chair said that the plans submitted to the zoning office can be accepted as hand drawn or digital.

The vice chair replied that right now, the commission accepts hand drawn or digital floor plans, and then exemplified several floor plan requirements and said that so far there has been no issues with submitted hand drawn plans and that Commissioner Iguel recommended computer generated in case the commission starts seeing a trend with inefficient hand drawn floor plans; the reality is that at the commission's licensing level, it could be said that hand drawn floor plans are not meeting commission licensing requirements, i.e., out of proportion hand drawn floor plans, which could be sent back to the applicant... and that is a way to handle it; the reason she had it up there in the first place, not knowing that the zoning office also accepts hand drawn floor plans, is because that is what she worked with in British Columbia, Canada, which they did not have any

issues with hand drawn; totally open to it [computer generated], but her personal thing is that the commission should be able to accept hand drawn if it is done properly, e.g., scaled to size, etc., things like that because she has seen them done and they were perfectly fine, done with pen and paper, but if it is not legible, not scaled to size, that is an issue, if it does not include everything, that would be an issue, but for her it allows other people that may not have access to or the skills to draw a map on a computer, does not want to get into that situation.

The acting MD raised the question of the possibility of applicants making amendments [to the floor plan] on the spot and described a scenario where if it is just a matter of identifying storage location, an applicant could simply come in to the office and draw that specific section, label it, which would be acceptable; to make minor indications on an existing floor plan... as long as he is aware prior to the conduct of an inspection where a specific area is located or supposed to be based on a submitted floor plan.

Chair Palacios expressed that he is sure that this would be something the zoning office may be the one and unsure if they are addressing it or taking it into consideration, as the acting MD conducts inspections, does he also look for as far as the public access parts of the business premises meeting ADA requirements.

The acting MD indicated that he is unsure if and assumed that prior to the applicant receiving its passing building code inspections, it has to come into compliance with that [ADA] requirement.

Discussions followed on ADA requirement being a part of either the zoning office or Department of Public Works' inspection requirement... zoning office inspects when a business structure is established... cannabis businesses meeting ADA requirement and if it is something the commission would look into and address and is the commission enforcing that requirement... avoidance of taking on other agencies' responsibility... review of commission interior floor plan and exterior requirements and consider the inclusion of ADA requirements... not to obligate but to share information with an applicant at least at the public access portion for persons with disabilities... licensees unaware of commission decisions, e.g., residential and curb side deliveries, producer pause, reduction in fees, etc., and for the managing director to circulate or notify industry stakeholders of such decisions...

Vice Chair Hofschneider tinkered with the commission's Zoom video meeting system for the AAG's reconnection and asked the acting MD if the commission will be acquiring the premium Zoom user account.

The acting MD replied that he is trying to figure out how it can be procured because the commission does not have a purchase card to pay for the [Zoom] subscription.

While the commission members waited for the AAG reconnection to the Zoom meeting, Chair Palacios indicated that in his conversation with OMB, they are not touching the special account which is already up to 334 [thousand dollars] and come October 1st, the commission is looking at close to 4 [hundred thousand dollars], so they are not touching that, it is specific to the commission; one of the things that was mentioned was for the commission to come up with a spending plan, how the commission is going to start spending some of that funds, everything from travel to training, office supplies, advertising, etc., that was his conversation with OMB; it is just sitting there and if it gets too big, people start to notice it and the last thing the commission wants to hear is that funds will not be appropriated because the commission is not using its special account funds; commission should start using it, develop a spending plan... vehicular repair, fuel fund, internet and telephone cost, computers and printers for Rota and Tinian satellite offices, etc.... [Waited on Zoom link connection with the AAG], and asked the Rota and Tinian commissioners to come up with a spending plan for their respective satellite offices. [The AAG reconnected to the Zoom meeting]

The chair greeted the AAG and apologized for the Zoom link disconnection and reiterated earlier discussions on the computer generated and hand drawn floor plans, ADA compliance and so forth while the AAG was offline, and said that the commission will leave the hand drawn floor plans for now or computer generated and then moved on to the next agenda item number IX (2).

VI. New Business

2. Develop regulations for abandoned applications and amend §180-10.1-350 Withdrawal (a & b); discussion and voting

Vice Chair Hofschneider asked if the charge accounts and codes were going to be addressed after this matter and asked the acting MD if that was his agenda item, the second bullet under fees of the agenda. The vice chair then decided to continue with the agenda subject matter until the executive secretary's return to the board room.

The vice chair inquired with the AAG about the regulations' numbering system, how it was numbered 180-10.1-350, then to 355, 340, etc., and asked was that done that way for the insertion of new regulation numbers 351, 352, 353, etc., each section skips by increments of five, from 350 to 355 then to 360, etc., and asked if new regulations are inserted, how would it be numbered.

The AAG asked if amendments were being made to the regulations or being added. Vice Chair Hofschneider replied that regulations would be added for abandonment... the AAG replied that it would be correlated and permissible to continue the number sequence consecutively, e.g., from 350 onward...

The vice chair then continued with the subject matter agenda item and stated that everyone had a copy of the definitions, the abandonment application, and the amendment to the withdrawal; the reason for the amendment to the withdrawal section [of the regulations] is because it was restrictive, it does not allow an applicant to essentially withdraw unless the commission said so, which does not make sense; the section is crossed-out and what was added after yesterday's discussion of non-refundable, is the first section under withdrawal (a) that reads, "*Except as otherwise provided, a written notice of withdrawal of application may be filed by any applicant at any time prior to the final commission action*", and the inclusion of "*application fees are non-refundable*", and the rest of it everyone has seen.

The acting MD asked that in review of the application review regulations section 325, could the commission, once the m ___?___ gets approved, to include that [new regs?] right under section (d), because it says, "*The commission must inspect the proposed premises prior to issuing a license*", and then (e) says, "*If during an inspection...*", and maybe it could be included in a case where if an applicant does not contact the commission to schedule for an on-site inspection, the applicant would be in violation of the abandonment section.

The vice chair said although the abandonment section already says that; it says, in cases where an application... the AAG interjected and asked the vice chair if a definition is being added for abandonment.

The vice chair acknowledged the AAG that there is a definition [for abandonment] which was included in the document provided with new definitions because the regulations and the statute does not have definitions under applicant, application, abandonment, and reapplication; the public law only defines "licensee," which is a person that has a license and defines a person, which includes all the entities, but does not include applicant, application, abandonment, and reapplication. The AAG acknowledged. The vice chair continued to explain that the abandonment section of the regulations includes all the definitions, it talks about reapplication, which is why it is defined and also abandonment, application, and applicant.

- Vice Chair Hofschneider then motioned to approve the proposed regulations that was circulated with the addition of the line, “*application fees are non-refundable*” under withdrawal, and the amendments of that section which is now numbered as § 180-10.1-351, located directly after the withdrawal section. Seconded by Secretary Songsong.

Chair Palacios reiterated the vice chair’s motion and seconded by the secretary that included the new definitions. All commissioners voted in favor of the motion; motion carried.

VII. Treasurer’s Report

The chair introduced the treasurer’s report and asked if there was any new data received. The secretary said he did not receive any new information.

The chair then reiterated his earlier mention of his conversation with the OMB in regard to the special account, to make it official now for open discussion, and asked the municipalities of Rota and Tinian to come up with an expenditure plan in regards to the use of the special account that is under the control of the cannabis commission; the expenditure plans for the two municipalities would include equipment and other accessories needed to get its field offices operational, the purchase of office supplies, equipment and other related items needed to carry out the official business of the commission; the sooner the expenditure plan is turned in, the sooner the commission can start executing the use of funds to get those field offices up and ready.

VIII. Miscellaneous

The chair mentioned about yesterday’s interview with applicants for the managing director position and asked that commissioners make their recommendations by the end of next week, then the commission would go from there; the managing director would be someone that the commission would rely on and at the same time to be mindful that the commission is going down a new path with policy direction that is more geared into the managed sustainability of the industry; sometimes fresh ideas are worth looking at over playing it safe with just old ideas as an example, and trusts that the commissioners would not only come up with the best decision but the right person.

Vice Chair Hofschneider said that each commissioner can make their own notes and conclusions and then another meeting would be held to announce the commission’s decision.

Discussions followed on each commissioner separately making their recommendations on the applicants for the managing director position... Chair Palacios not taking part in the applicant selection process and left that process to the other commissioners and trusts their judgement on their selection...

The chair asked if there were any legal matters needing to enter into executive session. Commissioners Songsong and Hofschneider said they had no matters for executive session.

IX. Charge accounts and codes; discussion and determine next steps

Vice Chair Hofschneider inquired with the acting MD about the commission's charge accounts.

The acting MD said that he entered the Department of Finance's Munis System and verified that the commission does have five charge accounts, which are CI001 for the application fee, 002 for license fee, 003 for the homegrown registry fee, 004 for transfer of ownership, and 901 for cannabis fines and penalties.

The vice chair then said there is none for "relocation," which is mentioned in the statute and asked if it would be under application. The acting MD replied that may be something to decide whether it should be with the transfer... Discussions followed on the placement of a relocation account...

The acting MD raised an issue about the fees for copies because of the existing charge codes the commission has, and asked if the commission should have it entered under one of the above-mentioned accounts, for an applicant wanting to obtain copies in which the regulations state a charge of one dollar, but the commission does not have a specific charge code for copies. Discussions followed... anything that is correlated with applications, licensing, etc., should be entered in its respective account...

X. Miscellaneous (general discussion)

The chair indicated being in general discussion and raised the subject of Mr. Bennett's proposal to the commission; he read the prepared draft response [letter] and said that if the commissioners are good with that response, he'll put his end comment on it that he read it and wants to make sure that everybody read it.

Secretary Songsong indicated that was a thought and is unsure about everybody else's thought process about the content of the draft response letter.

Chair Palacios said that he read it and was good with it, just wanted to ensure that everybody read it. Vice Chair Hofschneider acknowledged her review and agreement with it. The chair then said that it will be an official response in commission letter head so that [Mr. Bennett] be will not say that the commission did not respond to him.

The chair said that if there was nothing else for discussion, the commission may move to adjournment.

XI. Adjournment

Vice Chair Hofschneider motioned for meeting adjournment. Seconded by Secretary Songsong. All commissioners voted in favor of the motion; motioned carried.

The vice chair and chair thanked the AAG. The AAG then mentioned an ethics seminar for all agencies in the coming month or two to go over ethical standards and codes and will keep the commission posted.

The secretary thanked the chair and vice chair for having him in Saipan and wished them luck with their reappointment to the commission.

[Meeting adjournment time was not stated]