



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, September 14, 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. Old Business
 - VIII. New Business
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- IX. Executive Session
 - Administrative and Personnel matters
 - X. 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, September 14, 2023.

**CNMI Cannabis Commission
Regular Session Meeting Minutes
September 14, 2023**

I. Call to Order

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

II. Roll Call/Determination of Quorum

The chair introduced the following commissioners and commission staff present in the meeting:

Commissioner Journie Hofschneider [Vice Chair], representing Tinian, was present; Commissioner Thomas Songsong [Secretary], representing Rota, was present; Commissioner Juan Iguel [Treasurer], representing the Norther Islands, was present; Acting Managing Director Mr. Erik Basa was present; and Executive Secretary Ms. Natasha Palacios.

The chair mentioned that AAG Keisha Blaise is standing by at the ready should the commission require legal advice along the way and then asked the executive secretary to call roll of the commissioners; all four commissioners were present, and quorum confirmed.

III. Consideration and adoption of Minutes of Agenda

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

IV. Consideration and adoption of Minutes of prior meetings

Secretary Songsong indicated that he emailed everyone the May 08, 2023, meeting minutes for review, which was the start of the new commissioners Palacios and Iguel coming on board, and then motioned for its adoption if there were no questions or discussion about it. Seconded by Treasurer Iguel. All commissioners voted in favor of the motion; motion carried.

V. Public Comment

The chair opened the floor for public comment and subsequently stated that there were no members of the public present for public comment.

VI. Public Hearing

Chair Palacios stated that there were no items under public hearing.

VII. Old Business

The chair asked if anyone had any old business matters for discussion. There were no subject matters raised.

Topic of discussion: Twenty-Five Percent (25%) fee reduction

The chair then inquired about the registry posting of the amended regulation relating to the fee reductions for the three municipalities of Tinian, Rota, and the Northern Islands.

Vice Chair Hofschneider responded that she has not gotten to that one yet because she is working through the previously approved regulatory amendments that has yet to be submitted to the registry...

The chair indicated that there were some inquiries about the fee reductions and expressed interest in Tinian opening a lounge and on Rota for producer and retail.

Discussions followed on cannabis industry interests on the islands of Tinian and Rota...

The vice chair clarified with the chair since it was specifically asked about the fee reduction for the three municipalities in that Secretary Songsong recently provided a draft regulatory amendment for it which will be discussed and voted on in the next meeting, and that she is actively updating each regulatory section that were previously approved that have not entered the register yet.

The chair expressed his recollection not needing to wait until the next meeting because the commission already approved it in its prior meeting... the only thing missing is the regulatory language...

Secretary Songsong said that he had a question about the draft amendment for the reduction of fees in that he used the word "or" instead of "and" for fee reductions in the application "or" license fees; that is the question, because the commission did approve a twenty-five percent (25%) fee reduction for both the application "and" license fees.

The chair responded that it [fee reduction] is across the board for everything [all license types]. The secretary asked if it is both for application "and" license fees. The chair reiterated across the board for the three municipalities.

Secretary Songsong expressed his understanding that the law says the commission may reduce the application “or” license fee and not “and”, and not more than 25%; so if there is a 25% fee reduction on both the application fee and license fee, that is fifty percent (50%), and that is his question, because it does not look like a 25% fee reduction, it looks like 50% total [fee reduction]. Treasurer Iguel added that is because the two 25% fee reductions are combined and the secretary added that he emailed the statute 4 CMC § 53036, which talks about the fee reduction in part (e).

Chair Palacios and Vice Chair Hofschneider reviewed the statute provision on the 25% fee reduction...

The secretary added that he figured a 25% reduction in the license fee instead of the application fee would be advantageous to an applicant because a larger reduction would be realized.

Discussions followed on the statute’s stipulated fee reduction that said, “Any of the license fee “or” application fee... “any of” the license fees or application fees... “any of them” ...

Chair Palacios called the AAG via phone and asked for clarification on the statute’s interpretation of the fee reduction and explained that the commission approved for the municipalities of Rota, Tinian, and the Northern Islands, and then read section 53036 (e) verbatim, *“The commission may review the application fees and license fees and determine if any changes in the fees are needed. If the commission finds that changes in the fees are needed, the commission may by regulation increase by any percentage any of the license fees or application fees; provided, that the commission shall not reduce the fees by more than twenty-five percent (25%), and said, the question that Commissioner Songsong brought up is would it just be 25% of the license fee or is it just 25% of the application fee.*

Vice Chair Hofschneider entered and asked the AAG if it could be interpreted when it is said, “Any of the license fees or application fees,” could it be interpreted because it says, “any of the.”

The AAG responded that she would say all of them. The vice chair and chair thanked the AAG for her response.

The secretary said he thinks we are missing the part about the 25%, and then asked if it would be [both] license fee “and” application fee reduced, 25% each. The vice chair acknowledged that it would, and the chair added 25% each, because they are different

classifications, one classification is licensee fees and the other classification is application fees, there are two categories.

Chair Palacios stated that it can be voted on or agreed to already, because it was already voted on and agreed upon; the only thing that was not agreed on, for the lack of a better word, was to come up with a fee structure and see... [overlapped/double conversation between Vice Chair Hofschneider and the chair]... the vice chair then said she'll send over the package next week for the register and its posting...

Secretary Songsong asked Vice Chair Hofschneider's clarification about the drafted regulatory amendment on the provisional fee reduction that the word "or" in license fees "or" application fees will be changed to "and."

The vice chair indicated to use the words, "Any of the..." and continue with the rest of the specific language, and then stated AAG Blaise's confirmation that it was interpreted as either or both of them [25% fee reduction on application "and" license fees].

The acting MD mentioned that with section (f) [of § 53036?], he believed that it was decided not to raise any fees because there would be no impact.

The chair acknowledged the acting MD and said not here in Saipan, there is no impact in Saipan by decreasing fees in the other three municipalities; industry activity is non-existent right now in those three municipalities, so the commission's reduction of fees only means if somebody was to take up and further the interest of those expressed by public officials there, all that means is that the commission is going to generate more income...

The secretary addressed the acting MD and said that he thought he was talking about the increase in producer fee. The vice chair clarified and said, the increase in the producer fee on Saipan.

The acting MD replied that it was his initial discussion but then when it was decided to discount everything in the... there was no impact on Saipan collections.

The secretary expressed that the producer fee increase is part of the regulatory amendments and said that he does not recollect the board's action on it and asked the members if the producer fee increase [on Saipan] was approved.

The vice chair responded and said that is part of the memory problem in not having updated prior meeting minutes to refer to...

Chair Palacios said that the commission did not approve any [producer] increase because the acting MD raised a concern on how it was going to impact the current, if the commission were to reduce fees for Rota, Tinian, and the Northern Islands; initially, that was part of the conversation, to make sure that the numbers does not impact, by reducing it, that it does not impact take-away from what the commission already has.

Secretary Songsong asked for clarification that the increase in Saipan producer fees was just a discussion then and no decision was made. Treasurer Iguel acknowledged it.

The chair continued to say that it does not because it never... the secretary inserted, refer back to the prior meeting minutes.

The chair acknowledged the secretary and said everything is status quo for Saipan, Saipan is exempted; the reduction is just to incentivize the other municipalities to have industry activity take place; because even with the fee reduction of 25%, that is just more money that is going to come in, it is not going to change the revenue that is already in existence, it is not going to change the economic activity that is already taking place because that economic activity is here on Saipan and not in the other municipalities...

The chair asked if the members would like to vote on the fees now for the 25% fee reduction, that it could be done. Vice Chair Hofschneider said there was already board action on the 25% fee reduction.

Discussion followed on the draft regulatory amendment on the fee reduction for the municipalities of Tinian, Rota, and the Northern Islands... the chair then asked if there was anything else on old business... there were no other old business matters discussed.

VIII. New Business

The chair asked the members and staff if they had any new business matters to discuss. There were no new business matters offered for discussion.

Topic of discussion: FY2024 budget, expenditure plan, and revenue

The chair then stated that he asked Ms. Rhonda Fleming [staff assigned to the commission] to develop a spending plan for fiscal year 2024 for review and adjustments.

Secretary Songsong asked if the FY2024 spending plan would include expenditures for computer and office necessities for the Rota satellite office.

Chair Palacios replied that the spending plan would be for everybody. Treasurer Iguel asked if it would be from the special fund. The chair acknowledged.

The chair explained that for personnel hiring, a permitting officer, compliance officer, and administrative assistant are being considered; looking at four new positions and the reason they were not included yet in the general fund, unlike the acting MD Erik Basa, executive secretary, and managing director, is because they were the three existing full time employees and the commission's need to provide its spending plan to the house [legislature] for funds appropriation...

The chair continued to say that the 1501B account is sitting at \$97 [thousand] and 1501S is sitting at \$304 [thousand], which is a total of \$411 [thousand]; it is actually off by \$30 [thousand] for this fiscal year, but what it was that some of the applications that were approved, from the seven [applications] that were approved, some of them have not, because... that is why the amount is off by \$30 [thousand]...; come October 1st, the account will increase to half a million... and the need to show that the commission is allocating funds with its spending plan... also encumbered under personnel costs which was shared with the acting MD and executive secretary is a salary increase for these two employees...

The secretary asked that with the spending plan, the acting MD incorporate the office equipment needs and purchases for the Rota satellite office...

Treasurer Iguel informed the members that the commission would be receiving a quote for a cannabis tracking system which is estimated to cost \$100 thousand start-up and annual renewal fee thereafter...

Discussions followed on commission funds, forecasted revenue, expenditure plan, cannabis tracking system cost... the administration of CNMI's hemp industry through an MOA with DLNR and its oversight of the program, and the potentiality of marijuana being rescheduled to a Schedule III controlled substance, cannabis testing laboratory, e.g., Eurofins contracted with BECQ... commission travel expense... use of specific account for the compensation of the acting managing director's delegated additional duties and responsibilities, general fund, ARPA fund, the budgeted and remaining managing director's salary that was never used, current commission FTE's absorbed into the general fund... funding commission operations...

Chair Palacios concluded that the commission funds, budget, and expenditure plan was what he wanted to share in new business and then asked if there was anything else that anyone would want to discuss. There were no further discussions.

RECESS: Chair Palacios called for a ten-minute break at 10:56 a.m. before entering into executive session. The chair subsequently called the meeting back to order at 11:06 a.m. and entered executive session.

IX. Executive Session

- **Administration and Personnel Matters**

The chair announced exiting executive session at 1:50 p.m. and stated that discussions involved the selection of one of the two applicants interviewed for the commission's managing director position; the three commissioners [Hofschneider, Iguel, and Songsong] shared their individual ratings of the two applicants, Ms. Queanna Camacho Sablan and Mr. Mikiotti Norita Evangelista, and based on their points rating system from the interview questions, Mr. Evangelista was the successful candidate with a rating of 74.7 points to Ms. Sablan's 73.0 points.

The chair continued to say that the commissioners' notes and point ratings of the applicants are to be kept for a period of six months in the event of any grievance or audit that may need to be done should the unselected candidate wish to do so.

The chair concluded that the hiring of the managing director will be conditional as was agreed upon by the commissioners for a probationary period of six months or up to six months, and that a performance evaluation will take place within the duration of the probationary period, six months calendar days; also attached to the letter of selection will be a portion of Public Law 20-66 specifically citing the provision under § 53009 (e) that state, "*The managing director serves at the pleasure of the commission.*"

The chair then asked the commissioners if there was anything else to discuss. Having no other matters to discuss, the commission moved for meeting adjournment.

X. Adjournment

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

The CNMICC's September 14, 2023, meeting adjourned at 1:54 p.m.