



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

P.O. BOX 500135 Saipan, MP 96950
Email: info@cnmicannabis.org

A meeting of the CNMI Cannabis Commission will be held on **Wednesday, November 10, 2021 at 10:30 A.M.** at the Office of the CNMI Cannabis Commission Conference Room located at Ascencion 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 from prior meetings
- V. Public comment

- VI. New Business
 1. **Cannabis Licensing Application No. C0920-0010-SPN:** Justo Ayuyu Quitugua (Sole Proprietor) dba Primo Farms application for a Marijuana Producer Class 1; discussion and approval

- VII. Old Business
 1. Final Discussion and Voting on CNMICC Resolution No. 2021-001 relating to reporting requirements for commercial licensees when making changes to existing license information

- VIII. Managing Director's Report

- IX. Executive Session
 1. Legal matters – AAG

- X. Adjournment

Copies of this notice and agenda have been posted at the Administration Building Entrance Hall, the House of Representatives Entrance Hall, the Senate Entrance Hall and www.cnmicannabis.org, 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 Ascencion Ct., Bldg. 1341, Capitol Hill, Saipan or emailed to info@cnmicannabis.org on or before the meeting date. Oral testimony may also be presented during the meeting on Wednesday, November 10, 2021.

**CNMI Cannabis Commission
Regular Session Meeting Minutes
November 10, 2021**

I. Call to Order

Chairwoman Nadine Deleon Guerrero called the CNMI Cannabis Commission's meeting to order at 10:30 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

Chairwoman Nadine Deleon Guerrero called roll of the commissioners:
Vice Chairman Mathew Deleon Guerrero, representing Saipan, was present;
Secretary Journie Hofschneider, representing Tinian, was present;

Chairwoman addressed Commissioner Taisacan that an election of officers was conducted during his absence in the last meeting while he was in the re-appointment process in which the Vice Chairman was elected in the interim as Treasurer, and that the matter will be further detailed later in this meeting. Chairwoman then continued with roll call:

Commissioner Valentino Taisacan, representing Northern Islands, was present;
Commissioner Thomas Songsong, representing Rota, was present.

Chairwoman confirmed quorum with all five commissioners present via Zoom video conference. Managing Director Monique Sablan, administrative assistant Ms. Jayda Babauta, and AAG Keith Chambers were also in attendance via Zoom video conference.

III. Consideration and adoption of Agenda

Chairwoman opened the floor for adoption or amendment to the agenda.

Vice Chairman mentioned that the AAG may not be able to attend the entire session, and asked if the executive session may be moved up in the event the commission needed to discuss legal matters. Chairwoman acknowledged and prompted the question to the AAG.

AAG acknowledged and was fine with the executive session being moved up early in the meeting session and if the commission decides to vote on the matter. Chairwoman acknowledged the AAG's statement and mentioned that a cannabis applicant who is being considered for licensure will be present in this session and then asked him how long he would be able attend. AAG replied that he'll be present up to 11:15 a.m. Chairwoman then asked the Vice Chairman if he had anything in particular to discuss with the AAG. Vice Chairman mentioned the roster for legal counsel discussion,

updates, or any matters the managing director may want to discuss, e.g., pending LSRs, etc.

MD Sablan added that she did not have any legal matters for discussion; however, she would like to share an LSR response from the AG's office, but was unsure if she was able to share it outside of executive session. Chairwoman replied that she would think that would be discussed in executive session if coming from the AG's office and referred the question to the AAG.

AAG replied that it could be at the commission's discretion if it wanted to discuss the answers given by the AAG, but if there would be legal questions, that would be reserved for executive session because of attorney-client confidentiality. MD inserted that she would like to share a couple of the AAG responses for the board's awareness and not necessarily for discussion.

Chairwoman stated that she would like to go over the housekeeping rules that were not added to the agenda, which is normally practiced when an applicant is present for the determination and decision for licensure.

Chairwoman then motioned to add to the agenda under public comment, *Housekeeping Rules*, to go over the dos and don'ts during the decision process of an applicant being considered for licensure, seconded by Vice Chairman. All commissioners voted in favor of the motion, motion carried.

Chairwoman asked the AAG that the commission previously posted the agenda and that relating to item no. 1 under old business (proposed CNMICC Resolution No. 2021-001) in today's agenda, there is consideration with the proposed resolution to incorporate it into the regulations rather than by resolution, or being that the proposed resolution has been expanded, certain portions of it is being considered for incorporation into regulation; the question is does the agenda item need to detail that specifically.

AAG replied that if the discussion of the resolution is similar to last meeting's discussion that would be fine. Chairwoman added that if the commission decides to vote on the resolution for its inclusion in the regulation, the commission may need to come back in the next meeting to vote on the matter for incorporation into regulation. Vice Chairman agreed.

Chairwoman apologized to the AAG as she felt that she may have confused him with her explanation, and then asked if everyone understood.

Vice Chairman acknowledged and reiterated that if the commission is to vote on the proposed resolution's inclusion into the regulations, then it would require its indication in the agenda and a vote on the matter. Vice Chairman then motioned to add to the agenda under old business, *discussion of the proposed resolution 2021-001 for incorporation into regulation*, seconded by the Secretary. All commissioners voted in favor of the motion, motion carried.

Chairwoman then called for vote for the adoption of the amended agenda as was motioned above. All commissioners voted in favor to adopt the amended agenda, motion carried.

IV. Consideration and adoption of Minutes of prior meetings

Chairwoman thanked Commissioner Songsong for keeping the commission up to speed with its meeting minutes up to the month of April 2021, and mentioned that Commissioner Songsong may not have meeting minutes for the months of May and June 2021, and then asked the MD and Ms. Jayda Babauta if they could provide those audio recording to Commissioner Songsong for transcribing. MD acknowledged.

Chairwoman asked Commissioner Songsong if he received any other audio files after the April 2021 meeting. Commissioner Songsong replied that the April 2021 audio recording was the last recording he received from the Secretary, and that he would be happy to complete the other pending meeting minutes.

Chairwoman motioned for a vote to move on to the next agenda item since no meeting minutes are currently available to consider for adoption. All commissioners voted in favor of the motion, motion carried.

V. Public Comment

Chairwoman opened the floor for public comment. Ms. Jayda Babauta reported that there were no members of the public present for public comment.

VI. Housekeeping Rules for Public Hearing on Applicant consideration for Licensure

Chairwoman turned over the floor to the MD to go over the housekeeping rules. The MD in turn asked Ms. Jayda Babauta if she could recite the commission's public hearing rules of conduct who then recited the house rules, i.e., identifying full name when wishing to speak, addressing the commission's board when choosing to speak, debate avoidance, time limit on oral comments, etc. Chairwoman and MD thanked Ms. Babauta for presenting the commission's public hearing rules of conduct.

VII. New Business

1. Cannabis Licensing Application No. C0920-0010-SPN: Justo Ayuyu Quitugua (Sole Proprietor) dba Primo Farms application for a Marijuana Producer Class 1; discussion and approval

Chairwoman introduced the agenda item for the commission member's consideration for the approval or denial of the above application and then opened the floor to the MD for presentation.

MD greeted everyone in attendance, introduced the applicant (via Zoom video conference) and commenced her PowerPoint presentation on the above applicant's records, floor plans, location, scope of operation, security, inspection findings, and other relevant information.

MD concluded her presentation with recommending for the approval of Cannabis Licensing Application No. C0920-0010-SPN for licensure with no conditions.

Chairwoman thanked the MD for the presentation and then asked the applicant if he had future plans or interest for a retailer license. The applicant replied that he does have interest to retail in the future, but needs a sense of confidence in the future of CNMI's cannabis industry before taking on that endeavor.

Chairwoman then opened the floor to the other commissioners for questions. Since no questions was offered at this time, the Chairwoman proceeded with her next question asking the applicant's feedback on the most challenging part of the process in obtaining all the requirements leading to today's decision day, or any part of the process that may need improvement.

The applicant replied that the one thing he noticed during his initial start-up process was that there was a lot of miscommunication and fall-out between permitting agencies, with targeted dates, where we needed to go, what we needed to do, who we needed to inform; it was the logistics that wasn't really up to standard during his initial start-up, but since then and with knowledge gained, it turned out uncomplicated to get things done, especially now that the commission has more staff involved in the process to help streamline that process, and so far, it has been smooth lately.

Vice Chairman asked the applicant if he has existing contracts for his products and how does he imagine getting into the market. The applicant stated that he does not have any existing contract right now with any cannabis retailer as he was waiting first to see if he will be issued a producer license before he initiates cultivation, then he would reach out to dispensaries, although he has spoken to some of them previously who have expressed interest in purchasing his product if it is up to their standards.

Vice Chairman expressed that it can be imagined how the market is going to function, but it is unknown how the market is going to function without asking how it is functioning, then asked the applicant if he could share the kind of standards cannabis retailers shared with him, what standards do they seek, e.g., particular strains, etc., what sort of interactions look like between the producer and retailer.

The applicant replied that as of right now there is not much to share in terms of standards; he feels that the CNMI cannabis industry is in its infancy, so there is no real working standard that he can talk about right now, however, as the industry grows, he will be able to pick up those data points, or at least the standard that he would want to strive for, but for right now, there is no standardization on how they select or what they want, it is more of the customer, a consumer's place market right now.

Chairwoman addressed the applicant that his cultivation plans is geared for indoor cultivation and asked if he foresees outdoor cultivation in the future. The applicant replied that outdoor cultivation would be the most efficient, but right now due to space limitations, it is out of his control or lacks the land space, and that at the moment it is safer to cultivate indoors because cannabis legalization is a new thing that makes it almost impossible to do it outdoors without having any complications with cultivation, harvest, and security.

Chairwoman noted that the applicant had paid for his cannabis license fee. The applicant acknowledged that he paid it in advance and that was one of the miscommunications during his initial start-up process, but was refunded. MD acknowledged that fact and provided some details into the applicant's processes leading to that situation, including the refunding of the license fee.

Chairwoman then asked the types of pesticides he plans on using in his indoor cultivation, if any. The applicant replied that right now as a start-up, he will not be using any pesticides until he actually sees pest; right now they are sanitizing as much as they can beforehand, so that would further their ability to harvest in the cleanest environment possible, so right now no pesticides is being used.

Chairwoman asked her final question on the costs the applicant had to pay to set-up utilities into his newly constructed indoor cannabis cultivation facility. The applicant replied that he clearly recalls the costs because he thinks about it every time he goes to sleep as it was such a huge number; however, he understood the costs for set-up and labor which he was not aware of previously, the scope of what it took to establish it, and when the billing came, he did not imagine that it would have costed that much, so the price tag for the electric set-up was around \$4,000.00, which included the cost for a transformer.

Chairwoman thanked the applicant for sharing the information given as it is the commission's desire to improve its processes so that it does not get complicated, that the commission is looking out for its clients, local entrepreneurs, sole proprietors that expend a lot of their personal capital to get into this industry, it helps the commission in

working with other agencies to improve, to simplify the process for investors like you getting things done as seamlessly as possible. Chairwoman then yielded the floor to the commission members for any questions they may have.

Commissioner Songsong greeted the applicant and presented several questions relating to the applicant's standard operating procedures (SOPs):

- The first question was on employee training which talked about documentations, operational practices, etc., but what Commissioner Songsong was specifically looking for being in the agriculture industry for approximately 30 years, he did not note any training topics on cultivation, pest management, pesticide safety and handling, as an example; and although he did hear the applicant say that pesticides will not be used, more than likely one day, he may come across pests that may need to be addressed, the possible use of pesticides considered, and hoped that in the applicant's mind that he would think of and consider organic and natural pesticides and not synthetic, harmful chemical pesticides; and as an example, pesticides approved for agriculture use is not necessarily approved for cannabis use, so that is something to look out for and consider.
- The second issue raised about the applicant's SOP was on its quality policy where it mentioned about analyzing and testing product, but there was no descriptive method on how that will be performed and the tools to be used in that process, so those are questions that popped up on his mind.
- The third question is the SOP on inventory control on health and safety warnings; in the applicant's other SOP, it was mentioned that there is no health and safety warnings, but in the SOP on inventory, it did mention to refer to the Material Safety Data Sheet (MSDS) when handling cannabis; so a question popped up in his mind because MSDS is usually associated with chemicals and potentially hazardous chemicals, so he wondered if the applicant is going to use chemicals in his operations that requires MSDS for cannabis flowers, product, or cultivation operations; additionally, the inventory SOP did not note any hazards or hazardous chemicals, or anything describing the need for an MSDS and personal protective equipment. Commissioner Songsong asked the applicant, "What is it that you are protecting your employees from, what is the hazard?"
- A fourth question raised on the inventory control SOP was the use of the word "milling," and explained that milling is a form of processing, which requires a processor license, and asked the applicant if he meant milling by grinding cannabis flowers into powder form.

The applicant addressed Commissioner Songsong's questions in that a lot of the things mentioned about health and safety and MSDS, they are not using any pesticides as of right now but that does not mean that they would not use it in the future, and as was earlier mentioned, pests will be encountered but no pesticides will be used at this time;

however, if they do plan on using pesticides, they will be looking at the most organic pesticide that is available in the market and allowed, and that they will not be using any pesticides that are normally used in the agriculture industry; the MSDS mentioned in the SOP mainly deals with cleaners, e.g., Clorox, etc., for facility and tool cleaning and sanitizing, and no other hazardous chemicals; with milling, the process of getting cannabis flowers ready for market, they cannot pick up every leaf or trichome that falls off the flower, in agriculture that could also mean that the trichomes that have fallen off could be gathered or collected and used, so that is what the term milling was used for.

Commissioner Songsong thanked the applicant for this response and mentioned that he will step back to pesticide management and explained that basic pesticide management starts with Integrated Pest Management (IPM) which is available information in the internet, and that not knowing if the applicant is already aware of it, just wanted the applicant to be aware of and to get used to IPM as it is used in the cannabis and agriculture world.

The applicant acknowledged and expressed the differing environments between the U.S. mainland and the CNMI's tropical environment, and will go through those processes as they move along with pest management in the course of their cannabis cultivation practices.

Commissioner Songsong acknowledged the applicant's response and raised the fact that IPM or IPM knowledge will be something discussed with the commission as a standard practice or knowledge for producers as he has not seen that subject matter in any producer's SOP, and then asked his final question about one of his SOPs where it was mentioned that at the beginning of a cycle (assuming to have meant a grow cycle), that "Material transactions are frozen" and what did he mean by "frozen" as in freezing cannabis flowers (as fresh frozen cannabis are used for processing).

The applicant replied that "frozen" meant that no sales at those certain time, and has nothing to do with freezing cannabis.

Commissioner Songsong concluded by raising an awareness issue for the applicant and his employee's health noting photographs of CO₂ (Carbon dioxide) canisters for use in his indoor cultivation facility to be cognizant of high CO₂ levels indoors as compared to the outdoor environment, and then thanked the applicant for his responses and subsequently yielded the floor to the Chairwoman.

Chairwoman acknowledged and pointed out the commission's addressing the issue with the incorporation and implementation of basic cannabis training requirements based on and in relation to the license type, inclusive of pesticide safety and management practices.

The applicant inquired if the commission plans on providing the training or training materials on the subject matter mentioned.

Chairwoman replied that the commission is currently in discussion on the basic cannabis training requirements which will derive from online training sessions with certifications issued, not more than 20 hours of training, and that a one to two year recertification may also be considered; a list of online cannabis training providers may be provided and that the certified cannabis training will help with the assurance that all aspects of cannabis production are managed properly for the safety of health and wellbeing for both the producer and end user consumer.

The applicant inquired about training cost per person, if it was to be borne by the licensee, and who would be enforcing that training requirement.

Chairwoman replied that training costs could range anywhere from \$50.00 up to \$500.00 depending on the type of training curriculum signed up for, however, a licensee may take more training sessions than the basic requirement if desired, and that commission staff will enforce the requirement.

The applicant shared his thoughts saying that as the CNMI's cannabis industry grows, the commission will have to grow with it, especially with training requirements and the additional costs associated with it; that is a big task to accomplish, especially with businesses that can change within a week's notice; he expressed that he just wanted the commission to know that if it plans on implemented training requirements, he hopes that the commission will do a good job with regulating it on behalf of the people that worked so hard to get a license and the additional training requirements, the expense to obtain certified training and annual retraining, and asked the commission for fairness and equality.

Chairwoman acknowledged that applicant's statement and said that the commission has taken his communication into consideration, and that part of the commission's priority is ultimately ensuring public safety; it is not meant to burden producers, applicants or licensees, but to ensure product safety and that product handlers are knowledgeable with product safety practices, in addition to the lack of a laboratory testing facility to test cannabis products; that the commission will not surprise anyone with deadline training requirements and will allow ample time for licensees to come into compliance; in the event that a laboratory testing facility is operational, training requirements may be tweaked to assist with the cost effectiveness on the side of licensees, but at the same time, the commission will still have its priority with public safety; all licensees will be properly informed with part of that process coming from comments and feedback before being considered for implementation.

Vice Chairman asked the MD relating to her presentation regarding the applicant's logo seeming to differ than what was shown in the applicant's SOP, and asked which logo was the official one.

The applicant responded that a change was made to their logo recently this year and that the official logo is on the business's signage. The MD also acknowledged that the commission received the applicant's new logo.

Vice Chairman thanked the applicant for taking the time to provide responses to the commission's questions, sharing his insights of the industry, and taking the risk with the establishment of his business, and then asked the applicant where he would be keeping his records, e.g., onsite or elsewhere.

The applicant replied that he will be keep physical records onsite in the facility in a locked drawer and may also have electronic records. The Vice Chairman thanked the applicant and yielded the floor to the Chairwoman.

Hearing no further questions or discussion, the Chairwoman motioned for the approval of Application No. C0920-0010-SPN, and asked the MD to take roll of the commissioner's vote which were given as follows:

- Commissioner Songsong voted yes for approval;
- Commissioner Taisacan voted yes for approval;
- Secretary Hofschneider was recused from voting as she participated in the application review and inspection processes;
- Vice Chairman Deleon Guerrero voted yes for approval; and
- Chairwoman Deleon Guerrero voted yes for the approval of Application No. C0920-0010-SPN.

MD reported to the Chairwoman of the commission members' unanimous approval for licensure without conditions. The applicant was subsequently congratulated.

RECESS: Chairwoman called for a 10 minute recess at 11:45 a.m.; meeting was called back to order at 11:58 a.m.

Chairwoman asked the MD if she started collecting police clearances for new applicants. The MD replied that she has not begun that process, but has first reached out to all pending applicants inquiring about their pending status, and will then incorporate that request for police clearances into the planned mass emails to current applicants who are in the approval-in-principal phase and licensees. Chairwoman suggested that everyone be advised of that requirement for police clearance. MD acknowledged.

VIII. Old Business

- 1. Final Discussion and Voting on CNMICC Resolution No. 2021-001 relating to reporting requirements for commercial licensees when making changes to existing license information**

Chairwoman stated that for point of clarification, the proposed resolution which was discussed in length in the last meeting, was suggested by the Vice Chairman for a proposed amendment to the regulations; both ideas were good, however, so that everyone is on the page, it seems that what we want accomplished is somewhat the

marrying of the two proposals, and may consider moving forward with proposing to amend the regulations; unless it is extremely dire under the MD's operations to move to implement notices of reporting requirements to specific changes to a licensed cannabis business. The Chairwoman asked for the Vice Chairman and Secretary's thoughts on the matter, although she expressed that moving forward with regulatory amendments with the inclusion of details that were laid out in the proposed resolution would have more binding authority, but she seeks a resolution from both sides.

Vice Chairman expressed his thoughts with figuring out the violations and the ability to hold accountable within the resolution, sort of trying to get the pieces together on the regulatory side to feed into the reporting side; how to report it, what happens if changes are unreported, we would want to look into the regulations to see if it captures the timelines that we are looking for in the policy, we may do both if it makes sense.

Chairwoman inquired with the Vice Chairman about doing both as in resolution and regulatory amendments. Vice Chairman answered that voting on the resolution was discussed today and having in the next meeting a follow-up on doing the regulatory part to ensure we have a framework to talk about the regulatory part if it is going to be an enforceable provision.

Chairwoman acknowledged and asked the Secretary if she had anything to add since she assisted the MD with the proposed resolution, the need to have something administratively that the MD can enforce in addressing unreported or reporting changes, which is the purpose of the proposed resolution.

Secretary stated that she and the MD talked about what a resolution is, and from last meeting, there seemed to be a misunderstanding of what the purpose of a resolution is; when we did a previous resolution 2020-002, it was assumed that a resolution could be a form of a policy that could be used implement based on the regulations, to use as a tool to get applicants or licensees to comply with reporting changes, that is one thing; so there is confusion and a need for clarification, especially moving forward, at what point do we use a resolution to implement, there is a need to understand it, although the regulations is something that we wanted to do anyway with the inclusion of penalties, but there is procedural questions on how will this be done, what kind of documents need to be created as a result of implementing these regulations, are we charging fees, are we asking to submit a form for reporting changes, etc.; first of all, there is a need for absolute clarity on what a resolution is because there seems to be confusion on what a resolution is, but in all honesty, it was thought that it could be implemented as a policy in the interim of not having regulations specifically surrounding it and not having a fee schedule for a lot of these things associated with licensee changes, so that the commission has discretion to require to report changes; we may not have the regulatory authority to ask for a fee for those changes, but at least require reporting in a timely manner so that it is not just enforceable by penalties; that is where she is at on the subject matter and has questions regarding these processes.

Vice Chairman expressed that from his view point, as much as we can if we are communicating standards to the licensees, we should surely front that with regulation and the specifics on it should be policy, and that the policy should be derived from either the law or the regulations; his concern with it is that the commission did not have a good handle on what the regulations are for at least what is going to be said when there was nothing that is was saying, and so putting a policy without a framework, without a foundation, from which we are deriving that policy, that is where the nature of his concerns were, where he does not want to not understand the entire framework in which we are developing policy around; at least we can throw out the concept of what the foundation of what this policy would be for the MD to carry out; it is broader in a way than the specifics of the policy resolution, which he thinks is the intent; there is the law, then there is the regulations and then there is the specific policy, and for him it seems there is missing the two foundational points.

Secretary mentioned that the resolution was drafted without a lot of content from the regulation surrounding what was required from clients as far as separations and things of that nature where she assumed was covered; she then exemplified the differences between her former place of employment and described how things were administratively determined and handled, and that is where the confusion came to play as to the purpose of this document (the proposed resolution), and that she and the MD thought this document was a simpler approach to get licensees to start complying even though we do not have it in the regulations fee schedule, for example, that specifically speaks to the types of changes that we are going to ask about, e.g., formal reporting, that is where the confusion may have arose.

Vice Chairman apologized for the confusion as well and mentioned that from his view point relating back to the commission's first resolution, he felt it was justifiable from the exemption of regulations, on the premises and inspections, and that there is a regulation that he can point to say that it was expanding upon that; he was having blockages with this proposed resolution where he could not find a clear understanding of where we were building on.

Secretary and Vice Chairman continued discussion on the subject matter...

MD inserted that she thinks what everyone can agree on is that there is nothing she can currently reference to address current issues that are happening between the commission and licensees in regards to reporting changes, and that the idea from the last resolution, although expressing unsureness of what a resolution can be used for, she assumed that a resolution could be a great first step for the commission's ability to refer that information to current licensees and current applicants who are about to be licensed to have that framework in mind of reporting requirements on any changes and timelines to report; because what is happening is changes are occurring and not being reported, and that she has already been informing licensees verbally and through emails about reporting changes to the commission, which they expressed no issue with doing, it is just the fact that they never had that information provided to them even through regulation, so she felt that is what everyone can agree on right now; she expressed understanding of

how long regulatory amendments take to be formalized and adopted, and that is the reason for the proposed resolution, the ability to implement reporting requirements of changes as soon as possible.

Vice Chairman replied that in thinking that over, the powers the commission has under the regulations provide that the commission can obtain any piece of information that it requests within a certain timeframe, that is there, but it is not clear as to reporting requirements that they would have to do voluntarily; it seems from his understanding of it, that you would have to make active requests on a continuing basis in order to effectuate that power.

MD inserted that it would be surprising when it came down to conducting inspections and finding that things have completely changed after what was initially redlined (approved), and what ends up happening is we request for that change of information, receive the information and then reprocess that information; going back to what was discussed in the last meeting, what was realized is something that can be inserted into the regulations that would be helpful is including fees for these changes, processing fees, understanding that an alternative option may be to increase licensing fees to make up for costs associated with the additional administrative work.

Vice Chairman acknowledged the MD's details and expressed that this is probably another area of confusion from our last conversation, but that he is completely on board with provisions about changes, e.g., transfer of location, changes to the structure, etc., about anything you need to make it clear for that particular instance of, for example, redlining, those are one hundred percent in the regulations, they should be doing that anyway, it is just how do you enforce it, and so that is a two part thing; we need to do this part of the regulation, whether we are comfortable with licensee changes or other changes, whatever we can do, but it comes down to if they have not done it (report changes), what happens then; that is the second part of the regulatory structure that ties in that needs to be a sort of comprehensive package of these things, the ability to cite a particular regulation, to do one for violation for example; the question he had was that if a violation is noted, the commission should have everything it needs, why didn't you have the things needed to cite the violation at that time, and you didn't have what you needed at that time because there was no civil or penalty structure.

Secretary stated that a penalty structure has not been developed either and that is something she talked about previously; it seems that everything needs to happen simultaneously in a way with the proposed resolution being that there are not that many licensees that could result in any issues while working on the structure of suspensions, penalties, etc.

Discussions continued on certain points or key issues of the proposed resolution, e.g., suspension process, penalties, fee structure, notification of change of ownership, regulations, policy, proving violations without regulatory stipulation, understanding of resolutions, etc.

Chairwoman expressed that the key points in the proposed resolution are valid and felt that those points, rather than being a policy should be regulatory, and explained her understanding of the differences between policy and regulation, and felt that key issues pointed out in the proposed resolution should be placed where they belong, or fit certain parts of the resolution into the regulations, and that the managing director develops the fee structure as was previously discussed based on the additional administrative work needed to address various changes to a business entity, which is the approach she would like to take; the only thing that is not being addressed is what the MD requires immediately.

Chairwoman posed a question to the MD in addressing her need to have something in writing immediately, in that is it worthwhile considering to have these proposed regulatory amendments done the way they need to be done including a fee schedule, which would mean a waiting period of sixty days before actually fining a licensee for noncompliance, but in lieu of that, have notations of verbal or written notifications to a violating licensee indicating the violation and the requirements needed to address the violation, and if they refuse to comply, then let them refuse to comply, but once regulatory amendments are published, the violating licensee would be notified of the regulation, requirements for compliance, and possible fines for noncompliance.

Chairwoman expressed the undesirableness for taking drastic actions and activating suspensions as it would result in a loss of sales, income, business, depending on the level of violation, and the imperative need to move quickly with regulatory amendments and its publication, but in the meantime keeping notations on violators and violation types.

Discussions continued on the subject matter, and after much discussion, the Chairwoman subsequently asked the Vice Chairman if he could go over the draft regulatory amendment that addresses issues presented in the proposed resolution.

2. Discussion to incorporate proposed CNMICC Resolution No. 2021-001 into regulations.

Vice Chairman stated that the draft regulatory amendment covers what are the notifications to the license or the application, both during application processing and while in possession of a license, and then read through and explained the items proposed for regulatory amendment as follows:

- The application must notify within ten calendar days a change in contact information or anyone listed in the application or identified as an applicant;
- Enforcement actions by another government entity that happen during the application process that was not outlined or happened during the licensed period;
- Notification requirement of temporary closure of a business;
- Notification requirement of permanent closure of business within ten days;
- Notification requirement within seventy-two hours of an arrest, citation, conviction, misdemeanor or felony;

- Notification requirement within twenty-four hours of theft of marijuana items or monetary funds;
- Notification requirement within 24 hours if violations of the regulations are noted;
- Notification of changes in the business or ownership structure;
- Notification requirement with a change in business location;

Secretary, Vice Chairman and Chairwoman opened discussion on issues relating to changes in business or ownership structure, e.g., percentages of shares, publicly traded company, etc. Vice Chairman then continued from where he left off describing the proposed regulatory amendments.

- Notification requirement within ten calendar days of a change to a licensee representative;
- Notification requirement on change in business trade name or logo;
- Notification requirement of media presence, e.g., social media, website, or changes in information thereof;
- Revocation or suspension process for violation of cannabis law or regulations; and
- Penalties for violation of cannabis law or regulations, offense levels.

Discussions continued on certain elements of the proposed regulatory amendments.

Chairwoman suggested that the proposed regulatory amendment be finalized for approval consideration in the next meeting tentatively scheduled for Tuesday, November 16, 2021, and then moved to proceed to the managing director's report.

IX. Managing Director's Report

MD reported that there was little to no changes from her last report in terms of licensees, but there are a few things she would like to relay to the board. Several approval-in-principals (AIPs) are coming close to its one year expiration at about the beginning of 2022 and asked if extensions to AIPs would be warranted with proper reasoning, and exemplified scenarios that may have prolonged the AIPs in completing their first inspection to determine operational readiness and eventual licensure.

Chairwoman asked the MD to reach out to expiring AIPs to discover the causes of their delay so that the commission can gauge whether or not the commission would allow for extensions, and expressed that she is open to extensions, but would like to know the reasons behind the delay.

MD replied she planned on communicating with them but wanted to know if the commission members had any other matters to bring up about the expiring AIPs, and that she will have the enforcement and permitting and licensing staff conduct site visits at these AIP sites.

MD shared one of the AG's LSR responses she received relating to enforcement, her request for legal interpretation of 4 CMC 53060, the duty of law enforcement to enforce and inform the attorney general, where the commission in its capacity can assist law enforcers and other law enforcement related duties; the MD then read the LSR response verbatim, in conclusion, cannabis commission investigators should collaborate with the Department of Public Safety (DPS) to report criminal violations of the cannabis act and regulations.

MD expressed that collaboration with DPS was something that was already agreed upon with DPS, but is glad to have this explained in written form for guidance and understanding for commission investigators when cooperating with DPS.

Chairwoman then asked the MD questions about administrative staffing and matters.

MD continued that she received an inquiry about the development of a cannabis website similar to Weed Maps or Leafly websites, but that will be centered on the CNMI and work with licensed retailers to be sort of a middleman for the purpose of reserving marijuana products online, but the customer would have to physically purchase and obtain the product at the cannabis retail shop; no online money transactions will take place through the website other than acting as a communication line between the customer and cannabis retailer, preparing the order in other words; so the question was if a license was required for that activity, or is there any requirement they would be required to fulfill.

Discussion ensued on the website inquiry which concluded that the cannabis commission has no reason to license or require license for that activity as long as it does not transact or deal with marijuana directly.

Vice Chairman raised a previous discussion to the MD about her previous report on provisions dealing with marijuana delivery and whether or not marijuana can be delivered by retailers, and stated that the cannabis law allows for delivery while the cannabis regulations does not, and asked whether or not that would be something to consider for regulatory amendment. MD replied that she is favor of allowing retailers to provide delivery service.

MD raised another inquiry by an applicant for producer license relating to security issues and posting signage in which they asked if it was necessary to post signage at their producer location citing security concerns exposing their cannabis producer location. The commission shared their concern and expressed discretion on that subject matter.

MD concluded with another inquiry from a licensee relating to a micro-producer license whether they had go through all the processes with the zoning authority considering that it is a micro-small scale. MD acknowledged that it was a requirement, but wanted to raise that inquiry to the board for their information.

Chairwoman acknowledged understanding the situation with micro-producer license and mentioned that the commission had sought proposed amendments to the Saipan zoning law with the legislature and hoped that it would address lessening some of the lengthy processes with the zoning authority for this class of micro-producers.

X. Executive Session

1. Legal matters – AAG

No executive session was held during this meeting.

XI. Adjournment

Hearing no further questions or discussion, Chairwoman motioned to adjourn meeting, seconded by Commissioner Taisacan. All commissioners were in favor of the motion, motion carried. Meeting adjourned at 2:55 p.m.