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COMMONWEALTH of the NORTHERN MARIANA ISLANDS
OFFICE OF THE GOVERNOR

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
CANNABIS COMMISSION

A meeting of the CNMI Cannabis Commission will be held on **Wednesday, November 20, 2019, at 10:30 AM** at the office of the Commonwealth Casino Commission Conference Room at the Springs Plaza on Middle Road.

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 meeting
- V. Public Comment
- VI. Old Business
 1. Discussion on Commercial Regulations
- VII. New Business
 1. Discussion on Calendaring of Regular Meetings
 2. Update on Meeting with Attorney General
 3. Managing Director's Report
 4. Discussion of Miscellaneous Items
- VIII. Adjournment

Copies of this notice and agenda have been posted at the Administration Building Entrance Hall, House of Representative Entrance Hall, and Senate Entrance Hall.

Written comments on the agenda may be submitted to the CNMI Cannabis Commission, through the Office of the Governor, on or before the meeting date. Oral testimony may be presented during the meeting on Wednesday, November 20, 2019.

CNMI Cannabis Commission
Regular Session Meeting Minutes
November 20, 2019

I. Call to Order

The sixth meeting of the CNMI Cannabis Commission was called to order by Chairwoman Nadine Deleon Guerrero at 10:38 a.m. on November 20, 2019, in the Commonwealth Casino Commission Conference Room, Saipan.

II. Roll Call/Determination of Quorum

Nadine Deleon Guerrero, Commissioner representing Saipan
Matthew Deleon Guerrero, Commissioner representing Saipan
Valentino Taisakan Jr., Commissioner representing Northern Islands
Journie Hofschneider, Commissioner representing Tinian
Thomas Songsong, Commissioner representing Rota - **via teleconference**

Joseph Deleon Guerrero, Special Advisor (SA) on Cannabis Industry for the Office of the Governor

Monique B. Sablan, Managing Director
Senator Vinnie Sablan (Guest)

Gill Birnbrich, Legal Counsel for the Office of the Governor

III. Consideration and Adoption of Agenda

- Vice Chairman made a motion to amend the agenda to include an executive session to discuss the OGA Managing Director position and the meeting that was held during the week; Treasurer seconded. No discussion. All members voted in favor of the motion.
- Chairwoman held a vote to adopt the agenda and all members voted favorably.

IV. Consideration and Adoption of Minutes of Prior Meeting

- Secretary made a motion to table the minutes to the following meeting. Chairwoman seconded it. No discussion. All Members voted in favor of the motion.

V. Public Comment

- SA verified that there were no members of the public present; therefore, no public comments were made to the Commission.

VI. Old Business

1. Commercial regulations – starting on page 10, **License Renewal Process** – blend of Casino Commission and Oregon
 - At least 20 days before their license expires, if the licensee submits the renewal application, we will permit them to continue operating even if we have not approved the renewal yet.

- **Financial Business Records** (bottom of page 11) - If the licensee does not apply to renew within 20 days of the license expiring, the licensee will not be able to continue operating and the license will expire on the date issued. There is a provision regarding seizing operation later in the draft.
- **Financial business records** – retention period for electronic or paper form documents (for 3 years) as there is currently no set timeframe for retention of cannabis documents
- SA mentioned that we use different terminology such as “Marijuana licensee”; all members agreed to strike ‘Marijuana’ and refer to it as ‘licensee’.
- For clarity, add “audits of reports” to (c)
- **Standardize Scale** - Vice Chairman briefly mentioned that we need to do more research on this
- There are no labs in the CNMI that could test cannabis
- SA mentioned that BCEQ only has a lab for water quality; Vice Chairman will talk to public health
- Testing is done off island for medical currently in the CNMI
- Licensed Premises Restrictions and Requirements – (a) 2. And (b) 1. Amend to include the exemption of 4 CMC 53074 (grandfathered public land such as hotels)
- (c) 1. Replace (v) with ‘an area that is outside of the approved location for marijuana retail establishments’
- (e) include ‘marijuana research certificate holder’
- (f) 2. Strike ‘alcohol or other intoxicant’
- Members discussed alcohol establishments adjacent to cannabis establishments and patrons consuming alcohol and cannabis
- Secretary brought up temporary use licenses (for events) which needs to be expanded to include the prohibition of alcohol to avoid circumvention of rules by applying for a temporary cannabis event license and applying for a beer garden, for example.
- Vice Chair mentioned 420 event that cannot be on public land; Secretary recommended potential location that falls under 4 CMC 53074 (ie. Hotel)
- Members agreed to circle back around to temporary use events
- (j) Secretary asked to review the definition of licensee representative which she mentioned is problematic as it is too open and would create compliance and enforcement issues. Licensee representative should be amended in statute. Under current statute, a licensee representative, as defined, could transfer a license to another individual and not even be a director/officer/shareholder of the company. How much authority does the licensee representative have? Are they liable for the license? Etc. This definition needs revisited. Secretary also brought up ‘Third Party Operator’ which is an individual or company that has a managerial contract with the licensee to operate the business on their behalf. We can consider this as an option.

- 4. Strike 'OAR'
- Members discussed subletting ie. Is subletting interpreted as Docomo's charging station to be a sublet? (subletting section came from Oregon regulation); members agreed to leave subletting.
- Secretary raised that if we permit subletting after issuing a license and outlining the approved area(s), and for example, the licensee carves out a section for someone to open up a concession stand, we would need the licensee to report that to the Commission so that the floor plan can be amended and approved to permit this change. Otherwise, this would be challenging for inspectors to determine approved area(s).
- Members agreed that we could add a line "license may not sublet any portion of the premises unless approved by the Commission" and have regulations in lounges regarding the floor plan requirements so that MD's staff can analyse the proposal to ensure it still complies with licensing requirements. Secretary also mentioned we need to authority to charge for these types of changes.
- Vice Chair explained the penalty should be severe (loss of license) if a licensee does not purchase from a licensee
- Members discussed not including the requirement for licensees to have other agency permits and to include a standard line that advises licensees to obtain all required licenses, permits, certificate etc. in order to carry on business. Secretary raised that we can suspend licenses until the agencies advise the Commission that the licensee is in compliance with them. Ie. Business License
- Members discussed licensees holding more than one license type under the same company; this would mean one licensee (entity) holds more than one licenses at different premises. This is how it would appear if we had a data base to support this information.
- Members discussed minors and prohibiting access to licensed establishments
- Adding subsection (t) that is the catch all to include that licensees are should have their required permitting from the CNMI government to operate the business and maintain compliance.
- **Signage** – Create a template to have on the Commission's website for licensees to download
- SA clarified that (b) was in reference to (a) 1 & 2
- **Closer of Business** – (b) 2. Members agreed that 'reasonable period' should not exceed 6 months; Secretary raised the question on compliance and enforcement accountability if we do not require the licensee (executor) to submit an executor application and an infraction occurs, the deceased licensee would be held liable which does not make sense. In the case of a sole proprietor, this section would work; however, if a shareholder in a private corporation is deceased, a transfer of shares would be required so that the license does not expire, unless of course the entity dissolved. Same with a partnership.

- Vice Chair and Gil raised the point that there would still be product to consider and that the Commission could apply discretion on what happens with the product (what is permissible)
- Secretary raised again, if sole proprietor dies, who is liable if we allow 6 months to operate; Gil said that we can hold off and wait until that situation comes up and to make it clear, that if someone dies, they have to report to the Commission.
- Members agreed to remove the 6 months and leave it as ‘reasonable time as approved by the Commission’ to allow for discretion
- Members discussed commercial licenses requiring accountability of every marijuana product
- **Licensee Prohibitions** – SA asked Gil if any foreign country legalized marijuana, can we export and import between? The point of entry is the issue due to it regulated by the Feds. Secretary raised the point that the only way between the CNMI islands is by boat and plane and should treat the water way at least as a “highway” between the islands that would allow for transportation of cannabis. SA asked about the 3 mile radius. Secretary asked about what happens when Washington is legal; however, there are the San Juan islands that is also Washington. How do they get the product from the mainland to the islands when the state is legal?
- SA elevated the fact that we do not have a section regarding potency levels and thresholds; Secretary said we should for public safety purposes but it would be difficult to do without a lab; Vice Chair mentioned we should come back to this to discuss. SA agreed that we would need to come up with a minimum standard. Members agreed.
- Chairwoman proposed all new business today and other items to tomorrow’s meeting.

RECESSED Chairwoman called recess at 1:08 p.m.

IN SESSION Chairwoman called the meeting back to order at 2:01 p.m.

VII. New Business

1. Establishing a regular meeting
 - Second Wednesday of every month will be our regular meeting
 - If the Wednesday falls on a holiday, the next business day will be the meeting day
2. Update on meeting with the Attorney General
 - SA possibility of getting a designated counsel, the answer is basically no. They are short staffed and continue with the LSR to request counsel to be at our meetings
3. Managing Director’s Report
 - We’ve publicly announced the hiring of Monique Sablan

- Vice Chair mentioned we added a standing report for the MD to be able to report out
- MD has been looking into office space for us
- Chairwoman mentioned that when we give out the FAQs or any outreach, we should add the phone number for MD with the extension
- Chairwoman gave the Casino Commission keys to MD
- SA offered his assistance and the Governor's office for admin assistance until such time we hire an executive assistant
- Vice Chair mentioned that we should start getting the PD's for all the positions: permitting office etc. Access the PDs from the CCC.
- Members agreed that the MD can determine who is the selection committee, for positions that the Commission will hire. They are civil employees, so it is not a requirement to post the positions.
- MD asked if we budgeted for any additional staff this fiscal year and Vice Chair responded that additional staff (other than the executive secretary/assistant) at this point would not be necessary.
- Discussed the executive assistant tasks – would take minutes, travel arrangements

4. Miscellaneous Items

- Sample template created by Secretary – a tool to use for planning while we are going over different sections of the regulations, applications that are required, process maps, stakeholders that we need to collaborate with or contact etc.
- Chairwoman mentioned that we will divide up the sections of the draft regulation for each member to edit to keep accountability and have it ready for AG to review
- Chairwoman will follow up with AG in the following week to find the status of Homegrown Registry
- SA confirmed that Executive Session must be in the minutes but may not be disclosed publicly, kept confidentially.
- January 24 – Pesticide Training for Growers conference put on by NMC in Tinian but you can also live stream. Chairwoman said the Commission would travel to Tinian on January 23rd and leave on January 24th.
- MD asked for people to use her government email going forward: Monique.sablan@gov.mp
- Chairwoman made a motion to go into executive session to discuss an OGA request regarding the MD position; Treasurer seconded. No discussion. All members were in favor. Ms. Monique Sablan left the room and entered executive session at 2:56 p.m.

EXECUTIVE SESSION

- An OGA request was received from Dwayne Davis regarding the MD position; initially in an email received on a Saturday close to midnight he was questioning why he did not get an interview as he believed he was qualified and he wanted to inspect all hiring documents; the

Monday was a holiday and by Tuesday a LSR was submitted to AG for assistance on how to respond. A response from AG was received on Friday and Chairwoman responded to Mr. Davis. That day and he responded questioning if the response was due to him threatening taking this to his legal counsel. Chairwoman responded and offered him a meeting on Tuesday at 10:00 am to review documents that were releasable. At 10:01 on the meeting day, Mr. Davis emailed saying he couldn't make it and asked to meet at 11:00 am instead. Chairwoman waiting until then. Counsel redacted personal information. He took photos of the documents and then emailed Chairwoman and reviewed the documents and found that Monique was not qualified and we should rescind the offer to Monique and would be contacting the Commission once his legal counsel determined if the selection was fair and impartial.

- Gil recommended Chairwoman submit a LSR with AG. Gil advised that responding would not have any impact.
- Gil confirmed that we could have simply gone out and hired someone and that we did not have to post the position. He offered to prepare and submit the LSR for legal advice and handle the communications.
- Gil also advised that you can't have a miscellaneous items section; however, you can amend the agenda right there on the spot.
- Executive Secretary – Chairwoman mentioned bringing on Dominic Pangelinan until he can be moved to the C&E Manager; however, Vice Chair suggested we have someone that is consistent from start to finish and someone that has the experience that we would not need to train. Secretary mentioned that he may not want to take that chance if it is not a guarantee that he will get the position.
- Chairwoman made a motion to move out of executive session; secretary seconded it, no discussion, all members voted in favor of the motion.

IN SESSION

- Chairwoman called the meeting back into session at OGA requested filed by Dwayne Davis regarding the MD position. Action items include drafting a LSR to submit to AG's office for review and determine next action once they respond. We also discussed other applicants that may be eligible for the executive secretary position. We are tabling that until we decide on when we will start the hiring process.

RECESS

Chairwoman recessed the meeting at 3:52 p.m.

November 21, 2019

IN SESSION

Chairwoman brought the meeting back in session at 10:04 a.m.

- **Application Processing (d) 1.** Vice Chair mentioned that we have not determined the percentage of ownership; 10% is what is in the draft,

but we did not say what ownership we wanted to say defines an applicant. Secretary explained how it comes down to voting or non-voting shares for corporations, the applicant would need to be responsible for reporting any changes to their company. There are two suitability reviews: criminal background checks and association suitability. Any entity that holds 10% or more of the applicant company, should require their criminal record check. Otherwise, the applicant are the partners in a partnership and directors/officers.

- Secretary asked if there is a suitability process (background check etc.), Vice Chair advised we can deny if they are not of good or moral repute, regular compliance. Secretary raised that it would be difficult to ensure applicants are not involved in organized crime if we do not do background checks. Vice Chair recommended we add initial fees to the application to do the background checks on the applicant.
- Vice Chair recommended that entities are responsible for outlining their percentages of share interest at the time of application
- Secretary recommended a question could go on the renewal application that asks if any of the composition of the entity has changed and if anyone changed to have more than 10%, they would have to report to the Commission so the shareholder can have a background check done because they are now over 10%. MD suggested if at the time they renewed we see a change occurred several months before renewal; they could be penalized for not reporting. Secretary recommended the changes be reported within 10 days of the change occurring.
- Chairwoman divided up the draft regulations in sections and assigned them to each Commissioner
 - Matt – Application Procedures to right before True Name
 - Nadine – True Name on Application – stop before Denial of application
 - Val – Denial of Application – up to Changing, Altering or modifying license
 - Thom – License renewal up until Signage
 - Journie – Closer of Business up until end of page 15
- MD offered to track the LSRs of when we send sections to AG
 - Package 2 - Trade Sample up to Processes, policies and procedures page 1-10
 - Package 3 - Page 23, Processes, policies and procedures to right before transportation and delivery of marijuana items
 - Package 4 – Start at page Transportation and delivery of marijuana items page 23 – 29

RECESS Chairwoman called recess at 10:58 a.m.

IN SESSION Chairwoman called meeting back to order at 11:24 a.m.

- Review of draft regulations, Package 2, beginning with Trade Samples
 - Taken from Oregon
 - Producer may provide samples to Processor and wholesaler

- Surveillance – Vice Chair took out five sections such as alarm systems, video recording requirements, etc; however, members discussed public safety and making it mandatory for licensees to have functioning surveillance. Commissioner Songsong added that in his experience working with DLNR, surveillance cameras would often go missing and concerned about the financial impact this would have on micro producers. A suggestion was raised to have security waivers dependent on the scenario
- Camera coverage requirement, security plans and waivers – mostly concerned about micro producers
- Add a new section: Required Camera Coverage and Camera Placement: All licence premises must have camera coverage and identify where on their floor plan
- Chair woman raised speaking to CUC to talk to them about the infrastructure necessary for the industry; Vice Chair suggested we add a question on the producer applications that asks them for their anticipated electrical use and share with CUC on a regular basis to provide them a projection.
- Safety Inspections: Members agreed to strike “marijuana” from (a) and strike (b) remove the requirement for licensees to keep in contact with CUC. Page 3
- General Sanitary Requirements: Members agreed to strike “marijuana” from “marijuana licensee”.
- Secretary suggested we remove the requirement to regulate licensee’s health it should be left to the licensee and health to regulate this. SA stated it would be good to have something left in the regulations about not permitting employees to continue work if there were any communicable illnesses. Vice Chairman stated that there is a financial liability that owners would have to maintain sanitary standards and have an incentive to stay in line with health requirements. Members agreed to strike (a) 1 & 2.
- Members discussed the occurrence of a natural disaster and Secretary brought up practice in BC, Canada, where licensees can apply (in the form of an application) for a request for discretion to the regulatory requirements if they endured a natural disaster which prevents them from operating; perhaps move the licence into dormancy until the establishment is operational.
- After further discussion, members agreed to strike the entire General Sanitary Requirements section.
- Marijuana Producers – Privileges, Prohibitions – mix of Oregon and CNMI
 - #3 (ii) strike “non-profit dispensary” and strike addition of “retailer”
 - #3 (iii) strike “marijuana lounge”
- Vice Chairman asked if an immature plant stays with a retailer in storage and happens to mature, what happens?
- Chairwoman mentioned that if they have a producer and a retail licence, they can sell an immature plant.

- Secretary suggested we write out all possibilities for all license types to see what each license is authorized to do. Ie. Sell, consume, transport etc.
- Chairwoman asked if a licensee could display marijuana plants in their lounge; members agreed if it isn't accessible and useable.
- Members helped Vice Chairman draw out all the different scenarios (flowchart) on the whiteboard regarding each licence types. Ie. Processor can sell to wholesale
- All license types need site inspections, security, floor plans, waste disposal and all on CTS except for Class 2
- SA clarified that seeds are included as marijuana products which means it can be taxed.
- Members discussed Class 2 – bring your own marijuana
- Secretary raised the requirement for Class 2 to have limits in these types of establishments. Members discussed 1 oz limits.
- MD asked if the limits were once per day or transaction. It was clarified that it is per transaction.
- Retailers cannot sell more than 6 immature plants to a homegrown registered card holder within a 3-month period; must keep internal registry of people purchasing immature plants and record the patron's valid homegrown registry card information.
- No takeout for Class 1; onsite consumption only
- Chairwoman suggested we limit the number of lounge licenses issued to be discussed later

RECESS

Chairwoman called recess at 1:50 pm

IN SESSION

Chairwoman called the meeting back to order at 2:33 pm

- Page 4, #4 – Purchase and receive
 - #4 (ii) strike “and”, add “or certified waste disposal company”
 - #4 Strike (iii)
- Marijuana Producers – Start up inventory
 - (a) #1 – the dates need to change – whoever is licensed has a 365-day window to have immature plants and seeds from anywhere
 - (b) strike 90 day and replace with “one year” start-up period
- Pesticides, Fertilizer and Agricultural Chemicals
 - Change (a) to “A producer may only use pesticides in accordance to applicable CNMI laws and regulations”
 - (b) add “in accordance with applicable law and regulations”
- Commissioner Songsong discussed natural pesticides used in Rota i.e. soap and water for aphids
- We are deferring to the right agency (BCEQ) and will follow up with them regarding pesticides
- (e) change “two years” to “three years” for consistency
- Retailer Privileges; Prohibitions
 - #2 – strike “and deliver”
 - Add #3 for (ii) and (iii). For (iii) change “return” to “returned”

- MD brought up the possibility of owners using mobile payment for the sale of marijuana outside of the approved licensed establishment. Members agreed to clarify the requirement of sale occurring only at the approved licensed premises.
- Purchase and receive is now #4
- New # 6 (former #5) strike “; and”
- New #7 add a semicolon at the end of the sentence
- New #8 add a semicolon at the end of the sentence
- Add a #9 – “May sell immature marijuana plants to consumers provided that the consumer presents a valid Homegrown Marijuana Registry information as determined by the Commission and that the retailer maintains adequate records of sale.
- (b) A retailer may not:
 - Strike (v)
 - Add a new #2 – “may not sell more than four immature marijuana plants at any one time within a 90-day period”
- Members discussed whether to limit the number of marijuana seeds sold (taken from Oregon regulations) and considered limiting this to per 90 days; the decision landed to leave it to ten marijuana seeds per day. Members agreed to review this rule later.
- Members discussed the option on providing discounts; Secretary mentioned encouraging intoxication. Members discussed offering accessories for a discounted price; however, not to go below a minimum pricing (although we do not know the value yet) (wholesale reserve controls).
- #7 – strike “an industrial hemp commodity or”
- Strike # 8 – requirement of protective gloves
- Members discussed returning marijuana, tracking these transactions, and what to do with the product. Members discussed if packaging is tampered with, product should not be resold.
- A retailer may not sell or transfer a returned marijuana item if it is original packaging has been opened, damaged, altered or tampered or expired.
- Retailer Premises (a) #1 – amend to “May not be in an area that is outside of the approved locations for marijuana retail establishments”
- (d) All inventory must be stored on licensed premises which means off-site storage is not permitted.
- Vice Chairman suggested to create a section regarding approved marijuana retail locations (a map approved by the Commission)
- Public outreach to determine where the public wants/does not want retail locations.

ADJOURNMENT

Chairwoman made a motion to adjourn the meeting at 4:29 pm; Secretary seconded, no discussion; all members agreed with the motion.