

**CNMI Cannabis Commission
Regular Session Meeting Minutes
October 25, 2023**

I. Call to Order

Chair Palacios called the CNMI Cannabis Commission's meeting to order at 10:10 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, commission staff, and a member of the public present in the meeting:

- Commissioner Journie Hofschneider [Vice Chair], representing Tinian;
- Commissioner Juan Iguel [Treasurer], representing the Northern Islands;
- Commissioner Thomas Songsong [Secretary], representing Rota, asked to be excused because he was outside of the CNMI;
- Mr. Mikiotti Evangelista, Managing Director;
- Mr. Erik Basa, enforcement section supervisor;
- Ms. Natasha Palacios, Executive Secretary;
- AAG Keisha Blaise was present;
- Commissioner Jose B. Palacios [Chairman]; and
- Mr. Sydney Quan, a member of the public [Applicant for a producer license].

The chair then asked the executive secretary to call roll of the commissioners in which three commissioners were present and quorum confirmed.

The chair wished well everyone's recovery from the recent storm passing and welcomed on board the commission Mr. Evangelista, the commission's newly hired managing director.

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

The vice chair mentioned Commissioner Songsong's emailed transcriptions of prior meeting minutes and then motioned for the adoption of the *June 02, 2023*, and *June 09,*

2023, *meeting minutes* if the members are ready for its adoption, which was seconded by Treasurer Iguel. All commissioners voted in favor of the motion; motion carried.

V. Public Comment

Chair Palacios opened the floor for public comment and introduced Mr. Quan who was present to make a public comment.

Mr. Quan introduced himself as owner of Da Dankery and was present today to present his letter about his application for a cannabis producer class 1 license and that it has been over a month since he submitted his application and has not received a response from the cannabis commission board; he expressed that as a small business owner in this industry, it is very tough to survive in these tough times and does not know if he will receive an approval or be left in the dark; understood that the board voted to hold the issuance of cannabis producer licenses and would like to officially question the reason for the hold, how long this hold will exist, and wanted to explain why it [the producer licensing pause] should not apply to Da Dankery.

Mr. Quan explained that in his situation which began with the zoning approval processes and the signing of a lease agreement for his operation, this [producer] hold did not exist; he signed his lease on December 2022 and submitted his application to the zoning office on April 17, 2023, and received zoning approval on June 21, 2023; it is not fair that this hold is applied to Da Dankery because when he began his processes, this hold did not exist; he further explained that if he is approved for his 750 square feet class 1 producer license, he would also apply for a processor license and a retail license in another location; if approved for all three licenses, he would be paying the CNMI a total of \$14,000 annually in fees alone; in this current economy, it is very strange that the commission is denying the CNMI this and to receive more in taxes; he hopes his letter clears up any concerns or issues regarding his application and would be willing to sit down in person to answer any more questions or concerns.

The chair expressed to the AAG that the commission will address some of Mr. Quan's statements/concerns and subsequently asked if anyone had questions for Mr. Quan.

Treasurer Iguel inquired if members are free to ask questions. The chair acknowledged and said it was permissible according to the AAG. The AAG acknowledged.

The treasurer then asked Mr. Quan what the hold-up was with the zoning office.

Mr. Quan replied that he honestly did not really know but that he went through three different hearings and took him to bring a lawyer to the last hearing for zoning approval; the issue concerned easement but that was already cleared and approved for the location, and reiterated that he did not know exactly why it took forever to get a response but he is past that now and is looking forward to the next part of the process.

Treasurer Iguel indicated to Mr. Quan that he submitted his application to the zoning office on April 17, 2023, and submitted his application to the cannabis commission on September 15, 2023, and then asked how long it will take him to apply for his cannabis retailer and processor licenses.

Mr. Quan replied that once he gets approved for his producer license, he would start the process for the other licenses.

Chair Palacios asked the members their recollection of when the producer pause was agreed upon. The executive secretary indicated that it was in August [2023]. The treasurer indicated July [2023]. The chair reiterated, when was it voted on.

The executive secretary reiterated that it [producer licensing pause] was on August 17th [2023] and read the August 17, 2023, agenda line item as, “Policy proposal to temporarily suspend producer licensing; discussion and voting”. The chair acknowledged.

The chair then asked when Da Dankery’s representative, Mr. Sasamoto, visited the commission and recalled that it was the following day. The executive secretary indicated that it was the following day [August 19th] after the commission’s two-day meeting [August 17th and 18th].

Mr. Quan indicated that his application for a producer license was also discussed on that day [August 19th].

The chair thanked Mr. Quan for being present and in trying to address this issue and then called to enter executive session at 10:28 a.m. as was requested by Vice Chair Hofschneider. The chair subsequently announced the return to public comment of the agenda after exiting executive session at 11:00 a.m.

The chair then said to Mr. Quan that out of courtesy or protocol so that he does not leave thinking there was something malicious or dubious [discussed in executive session], it was just for point of clarification and after that was done, the commission was out of executive session and is now ready to go down the list of his letter.

Chair Palacios addressed Mr. Quan and said that the first question was already answered which is his [producer] application was submitted on September 15, 2023, and that his letter stated, to officially question the reason for the [producer license] hold, and then asked what his question was.

Mr. Quan asked why the commission is having a hold.

The chair answered saying that to answer that first one, right now it is a pause and that was adopted by unanimous vote on the 17th of August, a month before you even submitted your application to the cannabis commission; your business partner, because that is who he identified himself when he came the following day to talk about this, Mr. Joshua Sasamoto, was aware of that; he was aware of the decision because he showed up with a written response, basically asking the same question; so, you were aware of this decision of putting a pause a month before you even submitted your application, hope that answers the question.

Mr. Quan acknowledged the chair's statement but said that he processed for this whole... The chair inserted that he is just answering the questions being asked.

Mr. Quan said he did not get the reason for the hold.

The chair replied that he is going to show and establish the fact that the commission, the board was acting in unison, unison as in public notice [agenda] requirements were met on what was to be discussed and for purposes of having vendors or applicants be aware or knowledgeable at least of what is to be discussed, what has been discussed, that has already been answered by the fact that your business partner came in to respond twenty-four hours after the fact; this is a "temporary pause" and that is what it has always been, and the reason for that is the commission's responsibility as a board is for the industry; the industry as in what is the industry now, not what the industry can be, that is where policies are put in place based on information, based on data collected and so forth; he [the chair] is not going to sit here and say, well the prior [board] did not do, no, we are here, this is what we have and we are going to fix it so that we won't have the same recurring problem, and as we move forward from there, these are some of the decisions that have to be made; in keeping in line with being informed with a lot of what is going on in the cannabis industry nationwide, it is not a secret that the biggest concern of licensed producers coming out is that there is too much inventory and it is killing the established industry that exists; understanding that, and the commission's obligation to the current industry, not what it can but what it is right now, is to make sure that moving forward, we don't do things that will be detrimental to the livelihood and success of the industry as it exists so that it can be grown and expanded; and when we have those

numbers and data which we are continuously trying to compile, then we can then revisit it and come back and say okay, based on information that we have from the industry itself, now we can visit this policy or decision that was made to maybe now address or entertain additional producer licenses if it needs, if that is what is required for sustainability of the industry, because we are not going to do something as a board that is going to go contrary to the commission's responsibility, which is the industry, the growth of the industry, the sustainability of the industry, that is the reason why the decision was to pause [producer licensing].

Mr. Quan replied to Chair Palacios that he mentioned a lot of stuff, but basically what he is getting is because of the oversupply of inventory in the industry; but if you read his application, he will also apply for a processor license and majority of what he will produce will be processed and sold within his retail; so, he is not creating much of an inventory because currently, the industry right now, there is a lack of concentrates and edibles, that is all approved for processing; so even if his producer application is approved, it is only for a 750 square feet license and would be barely producing anything that could likely affect that [oversupply] number; as mentioned earlier, a lot of what he will produce will be processed and extracted, so it is not like he will be creating a surplus or adding to the surplus; and on top of that, he felt that this policy is to protect not the industry but the businesses already established.

The chair inserted, which is the industry.

Mr. Quan responded, not necessarily the industry, you want it to grow, correct? And generate revenue? That is growing the industry.

The chair acknowledged, yes, and then said, I don't want to get into a back and forth pissing contest with you, let me get this right, you are basically saying that we should take your word at it, and based upon the consensus of the other commissioners, that we should take your word at it that it is not going to be detrimental as to oversupply, because basically that is what you are asking.

Mr. Quan replied, I'm telling you my license... [Indistinct]. The chair interjected and said, no, no, that is what you are asking.

Mr. Quan said he is not asking, he is telling that his license is only for 750 square feet, nothing compared to what exist already and does not think there is even a 750 square feet license; on top of that, half of what he will produce will be extracted and processed.

Chair Palacios asked Mr. Quan if he is aware that the reason the commission did this pause, one of the things that the commission did not put a pause on, as a matter of fact the commission is encouraging it and thinks that it should be on record, and that is distribution points; and the way the commission is going to increase producer licenses is by increasing distribution points or outlets; one of them of course would be processor license, we have no problem entertaining a processor license, we have no problem entertaining a retail license; right now the issue and concern is the fact that it is not just isolated to the CNMI, but the industry as a whole nationwide, and that is what is killing the industry itself within itself, is the over production of over inventory but not enough outlets for distribution; so, this whole guidance moving forward in regards to putting this pause is to increase, let's try and increase the distribution points so that we can get these things off the shelves; national industry standard is about three months supply on the shelf, it is what the standard is now; right now, we have an inventory locally around the five to six months of inventory that sits on the shelf; you coming up with an additional 750 square feet of production is only going to mean that it is going to be 750 square feet of production sitting on top of the current five to six month inventory that is sitting on the shelf.

Mr. Quan responded that to be fair, there could be other reasons for inventory sitting on the shelf and not just being an oversupply, it could also be that it is not quality enough...

Chair Palacios interjected and stated, again, we're just looking at the industry; how they sell it, what amount they sell it, and all of that, and their business practices, if they are going to fail, (Mr. Quan inserted, they fail.) they fail, but they are going to fail because the policies of the commission are consistent, they are fair and across the board to everybody, and it is always going to be what is in the best interest of the industry as it is, to grow it, to expand it, and not to kill it because we are looking at this as going to be a \$14,000 a year in excise tax and this and that; no, we are looking at this as what we have now, not what we can have, because what you are presenting us is what we can have; our obligation and our responsibility is what we have, not what we can have, it is what we have right now so that when we put these policies together and make decisions together, what we have now, now we can have what we can because we took care of what we have right now; so now it enables us to have what we can versus we're not focused on protecting what we have right now; but as far as business practices, the commission does not have anything to do with that, so we are not even going to go into that.

Vice Chair Hofschneider addressed Mr. Quan and said that just to clarify so that there is no confusion with a processor license, in the future you will be able to do edibles, as it is right now in the absence of a laboratory [cannabis testing lab], no one in the industry at this point is able to do edibles, just so you know.

Mr. Quan clarified that concentrates are permissible but not edibles. Vice Chair Hofschneider acknowledged.

The vice chair added that it would be irresponsible for the commission to just continue to issue licenses for producer without protecting what is currently established as the industry; also, the commission is taking note on what is happening in other jurisdictions, we see the downfall of other states, obviously it is not the same, CNMI is different, how we do it, taking these issues into consideration when rules are being made; this is a temporary pause, that means that your application is still submitted, it is not denied.

Mr. Quan acknowledged and asked that he also gets an understanding that the commission understands that his process began with the zoning office and not with the turning in of his cannabis application, because in this industry, you should all know it starts with zoning; if you don't get a zoning approval, you can't go to the cannabis commission, so in actuality, his process started back in December 2022 when he signed a lease agreement, but before he signed the lease agreement, he called the cannabis commission and asked if applications are still being accepted; turns out it was true, the commission was still accepting application, so he started the application process back in December when he signed a lease.

The vice chair asked Mr. Quan, the lease was last year, correct? Mr. Quan acknowledged. The vice chair then said, your issue was that your application was with the zoning office for a very long time and went through three hearings, so it sounds just based on what was explained is that the issue is the delay with zoning; so the commission made the decision, the commission was upfront about it, followed the rules in OGA and placed it [temporary pause on producer licensing] in the agenda, it was discussed and voted on, but it sounds to her like his issue landed with zoning.

Mr. Quan replied to the vice chair that she is correct but must understand that if he did not have zoning approval, he cannot even come to the cannabis commission.

The vice chair acknowledged Mr. Quan that she understood and said but that is unfortunately the rules of opening a business here in Saipan.

Mr. Quan replied that it is also a rule that the cannabis commission require zoning approval for... [A license? /Indistinct final words].

The vice chair acknowledged Mr. Quan and said, but that is also the commission's authority to change rules in mind of the industry, it is the commission's responsibility; so, like she said, it would be irresponsible to continue to issue [producer] licenses on Saipan.

Chair Palacios entered and said, just to clear it real quick, what Mr. Quan just said as far as that he cannot turn in his application [to the commission], actually, that is not correct; what the practice from prior and that is why you see these existing businesses, was that they submitted it to the cannabis commission, the cannabis commission accepted the application; in your case and it is clear to your business partner Mr. Sasamoto, was that the one question he [the chair] had asked him was did he submit your application to the cannabis commission, because if you submitted your application to the cannabis commission prior to the commission making that [temporary producer pause] decision, then in fairness to you and everybody else that submitted it and was accepted by the cannabis commission, in fairness, we'll entertain it because of the fact that we take responsibility; we take responsibility and ownership that we accepted something and we have it in our custody, and those we issued, discussed, and addressed, that is why we have those businesses that exist; but again, this pause and action that was taken to move forward is just that, this is what we inherited as a board and this is what we are doing to move forward; we are not going to look back, not going to point fingers and do this and do that; the fact that we never had your application prior to the commission making this decision does not hold the commission responsible because we never had any custody of your application, the commission was never a part of your delayed process.

Mr. Quan responded, why would he submit an application [to the commission] without getting approval from zoning.

The chair responded, he could ask the same question, why would others do it, that would be his question, why would others do it?

Mr. Quan asked, "Others?"

The chair continued, other businesses that did it, other businesses in the cannabis industry currently exist that did it; again, what took place from prior commission is just that, it took place from the prior commission and we are moving forward to correct those things so we don't find ourselves in this situation; but again, the fact is that when the commission took this action, we did not have your application, we never had it, it was only after a month after we came up with this; so then for us to give in now based on the fact that you are saying that you turned it in on September 15th and therefore it should be acted on; then there is nothing stopping anybody from walking in and saying application was turned in yesterday and you guys had it.

Mr. Quan responded, that is not what he said.

Chair Palacios said he is trying to let Mr. Quan know that this decision was made from what is best for the industry as it exists, not what it can be; what it can be is what the commission is trying to attain and where we are going to attain that is by putting together these kinds of policies or orders rather or decisions that say let's take a step back, we need to fix this, and this is how we are going to fix it; but we are not just going to ignore it because you're coming in a month, you submitted your application a month after your representative, your business partner was very well aware that a decision or an order was made, a month prior; to say somehow now, the commission and the board is now obligated to entertain and put everything aside because you decided to turn it in a month after, then there is nothing stopping anybody else from coming in because if somebody was to walk in right now as say well, I turned it in yesterday, so the commission would have to put aside whatever decision was made and what not, because now it has to be entertained; no, the commission does not because we adopted this policy a month before you even submitted your application and you knew about it a month before you even submitted your application.

Vice Chair Hofschneider apologized and attempted tried to enter the conversation...

Mr. Quan responded, [Indistinct statement/simultaneous speakers] he had to go through the process with zoning.

The chair said he does not care about the process with zoning.

Mr. Quan replied, [Indistinct] the commission's process is to go through the process with zoning.

The chair responded, getting approval from the cannabis commission requires that you have an approval from zoning, that is getting an approval; submitting an application does not require that you get a zoning clearance.

Mr. Quan responded something to the effect that, "it is required in your application process... why would I submit that if I don't have the zoning approval; why would I submit an application [to the commission], it does not make sense; I could see if I submitted it one month before your pause.... [Indistinct statement due to Mr. Quan's distance from microphone, simultaneous speakers/interjected while speaking.]

The chair interjected and said, what he is trying to let him understand is when the commission took this decision, it was not just a decision to stop issuing producer licenses,

it was based on all the information gathered, not just nationwide but even locally, is that there is an over production; we are sitting on inventory and that is what is going to kill the industry we have right now, so we need to address that, we then came up with this decision, alright.

Mr. Quan responded, businesses are struggling now, I don't hear of any hold on granting business license for restaurants, etc.

Chair Palacios responded, Mr. Quan, we are the cannabis commission, we are not the zoning commission, we are not the restaurant association, we are not the liquor license board, we are the cannabis commission, I don't care about those other commissions; what I care about is the cannabis industry, as the chairman, the cannabis industry as it exist and how do we protect what we have so that we can grow it, not kill it, because there was a delay with zoning; we got nothing to do with zoning, that is one of the reasons why we made it clear that if you want to submit your application, you can submit, anybody can walk in right now and submit an application; getting it approved is what is going to require a zoning approval along with a business license, so there is a difference between the process of submission and accepting it and the process of approving it; approval requires zoning and business license, submitting it doesn't, it doesn't require it for you to submit an application.

Mr. Quan responded, if he submitted his application, it would just be sent back to him indicating incomplete; do you see what I'm saying, why would I submit an incomplete application?

The chair responded, again Mr. Quan, I cannot answer for the actions of prior actions, I can only answer for the actions that we've done to move forward, and part of the problem that we had which led us this order, this temporary pause in entertaining producer licenses, is the fact that exactly what had happened where applications were submitted, applications were accepted, and there was this whatever what it is you want to call it, but it doesn't change the fact that our fundamental obligation is to the industry itself, because if we are to entertain every single applicant that comes in and disregard our core responsibility in protecting the industry as it exist, not what it can be, but as it exist, so that we can attain what it can be.

Mr. Quan said, he heard what it can be and growing and expressed not understanding what he meant by putting a hold to all the applications.

The chair said, no. Mr. Quan said, you want to grow the industry.

Chair Palacios said, yes, we want to grow the industry, we don't want to kill the industry.

Mr. Quan responded, but then you're holding granting producer applications, how will you get more processing and more retail if you're limiting producing... supply and demand... [Indistinct statement due to distance from microphone/interjected while speaking.]

The chair said, right now there is an oversupply, how's that?

Mr. Quan responded, there are many reasons for oversupply, not just because there are too many producer licenses.

The chair reiterated, there is an oversupply, how do we get this supply off the shelf, maybe it's a distribution issue, so let's look for distribution issues, let's entertain and prioritize the distributions.

Mr. Quan responded, it could be a quality issue, there is more to the cannabis industry than just the supply; there is price, quality... [Indistinct statement/interjected while speaking].

The chair interjected and said, again, those are business practices, we're not the business police, we're not business moral police.

Mr. Quan added, ... have that mindset... [Indistinct statement]. The chair stated, we want to grow the industry. Mr. Quan added... [Indistinct statement].

The chair then said, let me put it to you this way, let's just say for hypothetical purposes, you already got your license, you got your producer license, you got your retail license, and then here we are approving ten additional producer licenses; are you going to tell me that you are just going to sit there and not raise an issue.

Mr. Quan responded, Mr. Chairman, as a business owner, you go into business with the mindset that there is going to be competition, and you can't just say no to me just so others can survive... [Indistinct/interjected]

The chair responded that he did not say no to him. Vice Chair Hofschneider added that this is a temporary pause and not saying no to you. The chair continued, he is just saying that right now before we entertain your application, we want to make sure that you yourself can survive.

Mr. Quan inserted, see that is the thing... Vice Chair Hofschneider added that the commission can respond to Mr. Quan... Chair Palacios continued to say, to make sure that you yourself can survive based on the policies. The vice chair reiterated that the commission would respond to Mr. Quan. The chair reiterated, you yourself is going to survive based on the policies that we created... [Interjections, multiple/simultaneous speakers].

Mr. Quan stated that he disagreed.

Chair Palacios then said that he didn't take this position but... [Mr. Quan interjected]

Mr. Quan interjected and said that a business survives based on how it operates, not based on policies because policies are the same for every business on the island; so depending on how successful you are as a business, that is how you survive; he does not base himself on policy as a means of survival, no, he base himself on how he plans to operate a business.

The chair said, as an individual business, but when you're talking about multiple businesses, you must take into account the concerns of the other businesses.

Mr. Quan asked, how many fish markets... how many mom-and-pop stores... [Indistinct statement/interjected]

The chair said, Mr. Quan, we are not the fish market, we are the cannabis commission.

Mr. Quan responded, the main goal is to bring in revenue, correct, for the cannabis commission.

The chair said, and to do that... [Mr. Quan inserted indistinct statement]... it's not just give me your money and we don't care whether your business survives, no; it's when your license is issued, we know that you have a very good chance of succeeding based on the current policies and practices and regulations that is put in place so that the competitive field is level.

Mr. Quan responded, that is never going to happen... a level field will never be the same, people operate businesses in different ways... [indistinct/interjected]

The chair continued...and how they operate outside of what was established as the plain, that's a business decision; how you operate outside of the parameters of the plain is your business decision, but here is the starting point, this is where everybody starts; it's not

you start here and it is favorable, and you start here and it's favorable, but it's this, no, its favorable to everybody; so what is good for you is good for the next person, what's not good for you is not good for the other person, so it's a level field; its not just let's just look at this one company, no, we're just talking about one business, one cannabis business, then yes, but we're talking about different businesses, different people with different ideas; you have an idea how to make your business successful and that is appreciated, but it doesn't mean that your business model is exactly the same or should be the guiding business model for all the other cannabis producers; that is a decision they are going to make, we are not going to make that for them, what we will do is come up with policies and decisions that are going to be consistent and fair to everybody.

Mr. Quan replied, to be fair with everybody is not a policy.

Chair Palacios replied, it's not a policy, it's a decision that we took so that we can get the information so [Vice Chair Hofschneider attempted to enter the discussion] that when we entertain your license, we can tell you based on the information that we have; just so that you know, these are the things that we are looking at to address some of these concerns that you might have with issues that may come up; that is our role, to guide you, not necessarily how to do your business, but to guide the business in a direction where it is sustainable, that it is going to grow as part of the industry, not part of just one business but part of the industry, understanding that each business owner has their own mindset and has their own business view and business plans as to how to proceed whether they want to expand or grow and so forth; we come up with these policies and procedures to protect not only the industry as it exist, which is our main priority, but in doing so, we can attain growth and expand it; right now, again, we are looking at inventory of five to six months on the shelf right now; we want to make that come down at least to a manageable level where we don't have existing business holders or business industry members that are suffering because we are coming up with policies that are killing them; our vision as this board is, is to work with the industry, to listen to what the industry is saying and be mindful that this is a competition within the industry, we're going to have competition; and some are going to make it based on their business decision, some are not, but it is going to be based on their business decision, not because of the policies that we put in place; [The vice chair attempted to enter the conversation] so we are trying to protect the industry so that when you come on board, you can rest assure that the policies are consistent, you are aware of the policies, and it's looking at the growth of the industry, not what it can be down the road, that's where we work to change those things that need to be changed, we'll change, those things that need to be modified, we'll modify, but we're not going to just arbitrarily make decisions based on the fact that well these guys are going to pay, 1,2,3,4, \$62,000 in taxes, no, because the \$62,000 in taxes doesn't mean nothing when the industry dies, it doesn't mean anything; so we're trying to

protect the industry, that's our main reason for this, to protect the industry; I know you're passionate about it, it seems you're well invested in it, and again, I don't want to sound that I'm trying to pacify you because I'm not, I sympathize because you're the first one that came up with zoning, zoning, zoning, and we have nothing to do with zoning; because we can come up and approve your license and if zoning disapproves it, it does not matter if the commission approved your license.

Mr. Quan added, the commission cannot approve his license without zoning approval.

Chair Palacios repeated, zoning is the process of approval, it's not the process of submission.

Mr. Quan stated that he understood the chair said that is the process of approval, his process started... [with zoning. Indistinct statement/interjected]

The chair interjected saying, but it's not the process of submission, so only what we did prior to this decision... [Indistinct statement/interjected]

Mr. Quan interjected and stated to the chair, you said the process of application starts at zoning... you said that... [Indistinct/interjected]

The chair interjected and said, no, what I said is the process of the application approval is with zoning [Mr. Quan reiterated, zoning!] as in we can accept your application, we can approve it...

Mr. Quan inserted, so meaning the process starts with zoning... [Indistinct/interjected]

The chair continued, "No, but if zoning does not approve it, you can never open your business."

Mr. Quan said, exactly, so why... [Indistinct/interjected]

The chair continued to say, so that's the reason why we stop that old practice of approval-in-principal, we stopped it, we said no, because this is exactly knew what was it going to do; we're not going to answer for the zoning board, we're not going to answer for the business board, we're not going to answer for the other boards, we're the cannabis commission; if they submit it and they have everything approved, by zoning and business license, then let's look at how we can approve this.

Mr. Quan replied, that is exactly what he is... [trying to do? Indistinct.]

Chair Palacios continued, but the problem that we have was that we never had your application for us... [unfinished statement]

Mr. Quan asked, why does that matter.

Vice Chair Hofschneider asked may she say something and said, she would just like to say that the intention of this pause is to keep it as short a possible based on what the commission's findings are; so if the commission determines that based on the product that is out there, that there can only be two more producers on Saipan, then that is the reality and we'll have to pause until other processors, retails, lounge open so the supply and demand can be distributed properly.

Mr. Quan replied, and in his case, he is applying for all three [licenses], so why does it even matter?

The vice chair thanked Mr. Quan for coming in and said that the commission has his concerns, heard him today, and that it has gone over the five-minute public comment; we've had our conversation, we have your letter, we thank you for coming in today and we'll respond to you.

Mr. Quan asked how long the hold will last.

The vice chair replied that the commission is in the process of determining exactly what or how to proceed with producer licenses, so we are not sure but as was said, the commission wants to do it as quickly as possible; your application is still submitted, so we are not denying you and understand what you are saying, but what I am saying is that your application is still in and we're trying to do this as expeditiously as possible, so once we've determined, technically you'll be the first person to be approved again, if that is what the commission's findings are; we're going to do it as quickly as possible so that we understand exactly the direction to go.

Mr. Quan stated, for the record, the whole zoning board hearing so that it is understood, he started this process back when he signed his lease agreement for his producer operation and went through zoning and paid its fees, and basically that was already approved and he is currently paying rent for that also; he just want to know if the zoning board understands that he is already invested in this prior to even submitting his cannabis application.

The vice chair stated, we are the commission board, but zoning, we understand what it entails, the lease and everything to go apply with zoning, we understand that zoning has

to decide and then it comes to the commission; that's a business decision that people make, and the commission is not responsible for how long zoning may take or how public hearings it takes.

Mr. Quan stated that he is trying to explain that he started all this before the commission even had a pause or hold.

Vice Chair Hofschneider acknowledged Mr. Quan and said, yes, that is correct, and there could be five other people that did it as well, we're not isolating it to you.

Mr. Quan said, I just want the commission to understand that... [Interjected]

The vice chair interjected and said that the commission understands that, and that is the unfortunate thing with zoning that it has taken you this long.

Mr. Quan replied, that is a policy that you folks should figure out together...

The vice chair said, we've figured out, just so you know of the two separate entities, we already know that there has been this ongoing issue, it is not something that has anything to do with us; however, knowing the impacts that it has on applicants, potential applicants even, we've been in communication with them [the zoning office], we can't force them to do anything but we brought all of these to their attention; just so you know, we have done that, again, thank you for coming in, its been clear what the intention is and the chairman has explained it as well, we will be writing to you, thank you very much.

RECESS: Chair Palacios announced the time at 11:20 a.m. and called for a ten-minute recess. The chair subsequently called the meeting back to order at 11:39 a.m.

The chair asked if there were anymore public comments or if anybody else wanted to add to the public comments. There was no further public comment.

VI. Public Hearing

[There was no mention of this agenda item VI.]

VII. Old Business

The chair asked the commission members, staff, and AAG if they had any matters to discuss under old business.

Commission members and staff had no matters to discuss while the AAG indicated that she had some concerns that were brought to her attention that could be talked about in executive session. Chair Palacios acknowledged.

VIII. New Business

The chair asked the commission members, staff, and AAG if they had any matters for discussion under new business. There were no new business matters for discussion.

The chair then said he had talked to Ms. Connie Agulto from the Treasury Office two weeks ago, which he shared with most of the commission already, regarding commission funding; after the passage of the FY2024 budget, there was a section on restrictions on the use of special funds; he told her [Ms. Agulto], in which we had a hard copy provided by the technician, Ms. Agelina, over at the Office of Management and Budget, the commission's two special funds, which is 1501B and 1501S totaled \$411,000 to which she responded that in looking at the Munis System right now, what the cannabis commission has in those two accounts is \$682,000; so with that, we've been working with the staff and believe that [commission staff] Ms. Fleming worked with the executive secretary on this with the inputs from Mr. Basa as well as Mr. Evangelista in regards to a spending plan; and in this spending plan, it includes to address some of the issues that we are trying to rectify, one of them of course is the compensation for Mr. Basa for his additional duties and responsibilities as acting managing director that exceeded ninety days, it has all been approved, it is just now identifying the funding source, the Office of Personnel Management already signed-off on it, for your information, so we have the money for that; the spending plan of course, he already gave it to OB [Mr. Oscar Babauta], so he'll be working and coordinating with the Treasury Office as to giving us the amount that the commission is asking on the spending plan to address a lot of the shortfalls and reconsiderations, to include the pay raises for Ms. Natasha Palacios and Mr. Erik Basa for actually doing more work than was required of them for over a year, well outside of their scope of duties and responsibilities as specified in their duties and responsibilities from OPM to commensurate their pay with the responsibilities that they have, and not just that, but the fact that they held the fort down all this time, and that still leaves the commission with approximately \$460,000; the other third of that amount as was discussed as far as the eventual transition of everything [funds] into the general fund and the reason for that is that it is just for the purpose of efficiency; that restriction should be changed and the restrictions that were suspended to be reimplemented and then we're back again to square one having to go through that tedious process of waiting for the legislature; we tried that for the last two months, and of course because of the budget hearings' back and forth and so forth, they were not entertaining anything; so, looking at that is a learning experience moving forward that maybe moving forward this is something where instead of just having the money sit there, we could use it for the things

that we are lacking in regards to [public law] 20-66 enabling legislation, on public education for that matter, public outreach, meeting with other stakeholders, not just invested holders but other stakeholders such as the hospital, mental health, substance abuse, the police department, and so forth; again, it just breaks the whole cannabis industry right into that fall of governance and that is something that can be discussed and voted on, on the next meeting, as to how to proceed moving forward with this special funds account because for now we have some breathing room to use it; get your offices in Rota and Tinian to have at least something, Commissioner Songsong asked for at least a lap top [or desktop] and printer for the Rota office, those are the things; we've already taken some steps to expand the industry to the other jurisdictions with the lowering of fees, if there was to be any progress in that regard, we'll also have to have at least the basic resources for the Rota and Tinian offices to at least be able to provide applications, etc., to try and make things more efficient.

Chair Palacios concluded that for services, he received a call yesterday from the director of Carolinian Affairs, Director Felix Nogis, and his request, and yes we'll go ahead and do it and just to get you guys up to speed on it, they are asking that the commission take care of their drinking water which is four gallons a week or \$8.00/\$32.00 a month, and in turn, they will take care of our lot services [grounds maintenance] twice a month, maintain our lawn, clean our parking lot, trim trees, etc.; again, for \$32.00 a month [drinking water] and they do grounds maintenance twice a month, the commission realizes a savings for grounds maintenance services; they already received their first four bottles of water yesterday, so apparently Saipan Ice is aware of it already and they'll be making the delivery to them and the [drinking] water bill will come to the commission. asked if everyone was good with that.

The chair asked if everybody was good with that. The MD acknowledged while everyone else... [was or seemed status quo on the matter].

IX. Executive Session

- Chair Palacios announced the exiting from executive session at 11:00 a.m. and return to the public comment agenda item.
- Housekeeping Matters

Chair Palacios announced the entering into executive session on housekeeping matters at 11:50 a.m. The chair subsequently announced the exiting from executive session at 1:18 p.m.

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 October 25, 2023, meeting adjourned at 1:19 p.m.