

**CNMI Cannabis Commission
Regular Session Meeting Minutes
December 20, 2023**

I. Call to Order

Acting Chairman Juan Iguel called the CNMI Cannabis Commission's meeting to order at 10:11 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 acting chair recognized the commission's executive secretary, Ms. Natasha Palacios, to call roll of the commissioners as follows:

- Commissioner Thomas Songsong [Secretary], representing Rota, was present via Zoom;
- Commissioner Juan Iguel [Acting Chair/Treasurer], representing the Northern Islands, was present; and
- Commissioner Journie Hofschneider [Vice Chair], representing Tinian, was present.

[Commissioner Jose B. Palacios was not mentioned/pending the Saipan and Northern Islands Legislative Delegations' confirmation to the CNMI Cannabis Commission.]

The acting chair thanked the executive secretary and confirmed the quorum of the commissioners to conduct this meeting.

III. Consideration and adoption of Minutes of Agenda

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

IV. Consideration and adoption of Minutes of prior meetings

The secretary indicated hearing no suggested amendments to the emailed transcriptions of prior meeting minutes of *August 17, 2023*, and *July 14, 2023*, motioned for their adoption, seconded by the vice chair. All commissioners voted in favor of the motion; motion carried.

V. Public Comment

The acting chair opened the floor for public comment. There was no public comment from members of the public present in the meeting.

VI. Public Hearing

1. Cannabis Application No. C-1221-0026-SPN- Common Wealth Cannabis Co., LLC dba Common Wealth Farms, Marijuana Producer- Class 2, discussion and voting

Acting Chair Iguel introduced the agenda item and recognized the Managing Director (MD), Mr. Mikiotti Evangelista, for his presentation of the above application for the board's consideration for licensing.

The MD presented details of the applicant/business, e.g., approval-in-principal (AIP) issued on October 26, 2023, scope of operations, indoor and outdoor cannabis cultivation, rainwater catchment system, utility usage, location, security measures, cannabis waste disposal, signage, ingress and egress, inspection photographs, etc., and concluded by recommending approval for licensing.

The acting chair thanked the MD for the presentation and then opened the floor to the commissioners for any questions to the MD or commission licensing staff Mr. Erik Basa.

There were no questions for the commission's staff. The acting chair then opened the floor for questions to the applicant.

Secretary Songsong indicated that he noticed in the applicant's packet that the business license [expired] and asked if it was updated. Mr. Basa acknowledged that it was updated.

The secretary then indicated that he had a question about the outdoor greenhouse cultivation or nursery area in that he sees treated [2 X 4] lumber being used for framing for its canopy, and asked what type of roofing or canopy material will be used for the rooftop.

The applicant, Mr. Sheu, replied that fiberglass panels/Plexiglas type will be used for the canopy [roofing cover over the treated lumber frame] and that once they remove the covering, it will allow sunlight to penetrate the canopy.

The secretary indicated that he thought he heard Mr. Sheu mention that it [rooftop] will be removed at times.

Mr. Sheu explained that they did not remove the thin [or film] covering on it yet because they haven't started growing but they will.

Secretary Songsong indicated to Mr. Sheu that his concern is with treated lumber, that there's different aspects of treated lumber and chemicals are also used with treated lumber, and is why he wondered about the roofing material over the treated lumber frame; if it rains, water soaks into that treated lumber and leaches down into your soil media, that is his concern; any [aware] gardener wouldn't use treated lumber in their gardens and just wanted to let Mr. Sheu know that, and said that in the event or when an opportunity arises to switch-out that treated lumber with something else like metal pipes or PVC, that is suggested and guessed that opportunity could arise a super typhoon destroys it...[indistinct]... because there's chemicals that leach from treated lumber.

The secretary then stated he noticed that growing medium will be living soil.

Mr. Sheu said that is correct, a mixture of coco and [native?] soil.

The secretary asked where he would be getting his [native?] soil from.

Mr. Sheu said they will be self-supplied with soil and have in their hardware potting soil, topsoil, name brands such as fox farms, etc., to begin with, and as they progress, will incorporate other elements into the soil.

The secretary asked if that is what he referred to as live soil. Mr. Sheu said that is correct.

The secretary asked, so it wouldn't be native soil from your property or other properties [private or public land] on Saipan, just wondering. Mr. Sheu said no.

The secretary then indicated that he reviewed the standard operating procedure and being that it is supposedly a producer SOP, it was limited in scope as far as producing [cannabis cultivation] is concerned; he won't talk about the different producing aspects but that the SOP was limited in scope on the producing/producer part.

The secretary continued to say that the SOP also mentioned preventive measures, preventive sprays, organic was mentioned, and asked Mr. Sheu if he has information to share on the preventive sprays or the types that he would be using.

Mr. Sheu said that he can talk about the brands they have here, the fox farm brand, if you're familiar with that brand, that is the brand that they are using.

The secretary asked if it was fox farms as in organic preventive sprays.

Mr. Sheu acknowledged, yes, they are based in California, it's all organic based sprays.

Secretary Songsong asked if cannabis flowers will be matured outdoors, vegetative stage and matured outside. Mr. Sheu acknowledged, yes.

The secretary indicated that he would like to bring to Mr. Sheu's attention, if he is aware, and guessed that every cannabis producer would know about Integrated Pest Management (IPM) to be aware of or for his lead grower to be aware of. Mr. Sheu acknowledged.

The secretary continued to say that in looking at [inspection] photographs of the cannabis cultivation area, it seems to be in an industrial area.

Mr. Sheu indicated that there are some items there stored temporarily that they will remove from the area prior to their growing startup, the area is exclusively only to produce cannabis.

The secretary concluded by saying that he did like the mention of essential oil use... [indistinct] and thanked Mr. Sheu.

Acting Chair Iguel thanked the secretary and recognized Vice Chair Hofschneider for her questions.

The vice chair asked commission staff Mr. Erik Basa about the cultivation facility's lighting system.

Mr. Basa explained that at the time, the lighting system was coming in... [indistinct], but as far as the type of lights that will be used... [indistinct], it was not in place during inspection.

The vice chair then asked Mr. Sheu about his equipment setup, lights and other equipment that is not in place, if he intends on setting them up anytime soon.

Mr. Sheu explained that they may or may not use lights outdoors depending on how plants react, but he knows for sure from the photos that they installed lights inside the container, and there are plans to install lights as soon as they begin setup and growing, but all the other systems have been pre-ordered for the outdoors so it's a matter of mounting it.

The vice chair asked about the setup of the drying room, if there was to be any equipment in there.

Mr. Sheu said that with the drying rooms, it's going to contain an air-conditioning unit and humidifier to keep it drying and cool.

Vice Chair Hofschneider concluded by suggesting to Mr. Sheu if he would provide commission staff with updated photographs of his facility when the lighting setup has been completed or if a re-inspection is needed. Mr. Sheu acknowledged.

Acting Chair Iguel then asked about the parking space in the area because it was noticed that there was some type of hardware storage site.

Mr. Basa explained that during his inspection, it was explained that once the license is issued, all those things will be removed, and that a warehouse behind exists past the entrance to the premises.

The acting chair asked about the surrounding area based on the commission staff's inspection, being that safety is the main concern, are there abandoned vehicles in the area, metal objects hanging out of or from the warehouse.

The MD replied that not in the facility's area itself, if that is what you are asking.

The acting chair indicated to Mr. Sheu that it was mentioned that the easement leading to the cultivation premises is a private road.

Mr. Sheu acknowledged the road being a private road and that it is their road, a cut-out [surveyed parcel] of the property they own and that at the back of the hardware, they have about 7,000 square meters [of private land], it extends all the way back and is all their private lot, all fenced in; and as a matter of fact, they have workers [non-cannabis employees] staying in the back and there are dogs and a couple of ducks; the guys that live there would go around and look at the area, it's pretty secure; they are in the process of removing a lot of the debris so that they have a clear line of vision, the area is going to be cleaned up so the area will be a lot more clear and nicer, it's a work in progress, they're getting there and share the same concerns as the commission with safety, security, and ample parking for employees, they're slowly working towards it and felt that their [cultivation site/premises] area is good enough to start for now.

The acting chair asked Mr. Sheu if he could describe his point-of-sale system and inventory control system if it is through a specific company or will he create their own spreadsheet or template for it.

Mr. Sheu said that they were thinking of, to accommodate for now to keep operating expenses low until such time there's a better product, but it would be tracked by spreadsheet and also inputted into IndicaOnline; there's a certain category that they could place in IndicaOnline's point-of-sale, but they could designate it as storage or farm, track movements or any variations from there.

Acting Chair Iguel asked when he expects his equipment to be in and set up at his facility.

Mr. Sheu said that they have the lights already, it's a matter of installing it and then everything else is available locally, fans, humidifier, and air-conditioning unit; if they were to start growing, they would install them continuously as well, within a day they would get them up and running.

The acting chair said that he asked about the setup because considering one of the powers and duties of the board is to authorize and certify all equipment, utilities, tools, and utensils to be used in the operation, and that he saw inspection photographs but did not see photographs of any equipment on site and does not know what type of equipment are there that can be certified here today.

Mr. Sheu explained that the equipment would be typical, aside from the lights that he [acting chair] saw, there would be fans, humidifiers, air-conditioning; no other specialized equipment out of the ordinary than seen with other producers, but they will inform the board if there is anything specialized, it's all standard.

The acting chair asked the members if there were any other questions.

Secretary Songsong asked Mr. Sheu about cannabis product sampling and said that being a producer, there would be a need to sample product to kind of determine or rate a product and how or what to price it, so where would product be sampled, and reiterated, as a producer, one may want to sample it to know how or what to rate it and price it.

Mr. Sheu said that to clarify the question, where would they be conducting the sampling of the products? The secretary acknowledged, yes.

Mr. Sheu said that they would be conducting those operations within the licensed premises, as much as possible, they are going to contain those operations within the farm area; there's a small office space within the perimeter, so most likely that is where they will be sampling it, recording it, taking notes, and gather data, perhaps.

Secretary Songsong indicated that is where his question comes in with signage, when it says “no cannabis consumption on the premises”; understanding that it is not for employees or anybody else, but as a producer, there is a need to sample product so that it is known how to price it and rate it and that he is [supports] for producers sampling their product, and asked if that is a [commission] rule that acts as a hindrance.

Mr. Sheu said that what he would do it, work with the commission and MD to see what would be allowed under the regulations, amend SOPs as needed, whether it would be on site or off site as allowed, they would reach out.

The secretary concluded by saying that he has one tip to share for outdoor cannabis cultivation to share with his lead grower to look at native biological controls; if there would be problems with caterpillars, for example, there are native wasps that go around and gather caterpillars, and native flowering plants and creating habitat for those wasps and other beneficial insects, and then thanked Mr. Sheu.

- Acting Chair Iguel thanked the secretary and then motioned for a quick executive session to clarify some things with the AAG before moving to vote on the application. All commissioners voted in favor of the motion; motion carried.
- The acting chair called the time at 10:41 a.m. for entry into executive session and subsequently announced the return to this agenda item at 11:10 a.m.

The acting chair then informed the secretary that there is an individual in the room who was not present earlier, a Mr. Babauta on behalf of Mr. Sheu, who has some answers regarding the question that was raised [about treated lumber] and who claims to be the lead grower for Mr. Sheu, and then asked the members if they were okay with Mr. Babauta’s explaining some of their cultivation procedures.

Vice Chair Hofschneider and the secretary acknowledged to hear Mr. Babauta.

Mr. Babauta introduced himself and said that earlier Commissioner Songsong asked about the use of treated lumber and explained that it is in plan right now to source plastic pallets to raise all the individual [grow] pots off the ground so that they don’t come in contact with ground water; as far as the live soil that was brought up, they are starting off with virgin soil but will be incorporating native soils, also, mycelium into the area; so they are really trying to plug back into the micro-climate, that is the location that is out there; they are looking at natural repellants, remedies, pesticides, insecticides, and stuff like that, the Neem Oil, lavender, mint, rosemary; they are also thinking about putting live trees and little saplings and dispersing them throughout the plants depending on what

kind of impact live trees would have growing next to cannabis plants; maybe rosemary and not so much Neem trees throughout the grow-up but maybe around the perimeter and are looking into resolving any kind of insects and pests without using anything that is not organic, the more natural the better for them; for live soil, they are going to be composting, there was talk about the destruction [disposal] of plant material and stuff like that, if and whenever they can, they are going to bring those [cannabis waste product] back into mulching and into the soil, into the compost pile; they want it to be a regenerative source and to minimize impact to that local micro-climate as much as possible.

Vice Chair Hofschneider asked Mr. Babauta if the commission's MD has his employee information.

Mr. Babauta replied that as of right now, his official role with Michael Sheu, he is organizing his team, it's all kind of pending but moving forward, it will be kind of permanent. The vice chair acknowledged.

Secretary Songsong thanked Mr. Babauta for sharing his information and expressed liking of all the mention of organic, mycelium, etc., and said that maybe he [Mr. Babauta] already knows about native beneficial insects that are helpful for outdoor grows [Mr. Babauta responded, absolutely.], such as wasps, parasitic wasps, hoverflies, praying mantis, and beetles, and then thanked Mr. Babauta.

Acting Chair Iguel asked if there were any further questions from the commissioners for the applicant. Hearing no further questions, the acting chair recognized the vice chair for the proper motion on application number C-1221-0026, Common Wealth Cannabis dba Common Wealth Farms.

- The vice chair then motioned for the voting on cannabis application C-1221-0026, Common Wealth Cannabis, LLC., dba Common Wealth Farms, marijuana producer class 2 for an approval with conditions to have all equipment in place in all areas requiring equipment at the outdoor production area, grow area, dry room, etc., as stipulated in commission regulations that requires the commission's certification of equipment, tools, and utensils used in the operations, and for the conduct of a re-inspection of the premises within thirty days.
- The acting chair reiterated the vice chair's motion and recognized the executive secretary to take roll call for votes which subsequently resulted with all three commissioners voting yes for licensing approval with conditions.

Acting Chair Iguel subsequently announced licensing approval with conditions of Common Wealth Farms' application, congratulated Mr. Sheu and informed him that he has thirty days to reach out to the commission staff regarding the conditions. Mr. Sheu thanked the commissioners.

2. Cannabis Application No. C-0623-0035-SPN- Top Shelf, LLC dba Top Shelf, Processing, Marijuana Processor, discussion and voting

The acting chair introduced the agenda item and recognized the MD for the presentation of the above application for the board's consideration for licensing.

The MD presented details of the applicant/business, e.g., AIP issued on November 01, 2023, scope of operations (solventless processing/kief, hash, and pressed flower rosin), location/premises, floor plan, product description/storage, processing room, ingress/egress, security measures, signage, standard operating procedure, equipment/tools/utensils/supplies, etc., and concluded with his recommendation for licensing approval.

The acting chair thanked the MD for his presentation and opened the floor to the commissioners for any questions to the applicant or commission staff.

Secretary Songsong said to the MD that in the application packet, he noticed a zoning application, but it did not show that it was received by the zoning office.

The applicant, Mr. Thompson, and the MD acknowledged and confirmed that the applicant's zoning application was submitted to the zoning office.

The secretary indicated that he noticed a visitor log in the application packet and asked if the processing facility is open for visitation.

The applicant and the MD acknowledged that log-in visits are allowed.

The secretary inquired about marijuana consumption for product testing [sampling] and asked if that is something that licensed producers/processors consider or engage in.

Mr. Scott Malin indicated that they have a licensed facility to test [sample] them, Mr. Scot Thompson has the 420 Lounge to consume and test.

The secretary acknowledged Mr. Malin and had no further questions. Vice Chair Hofschneider had no questions.

Acting Chair Iguel asked the applicant if their marijuana processing equipment is considered safe and sanitary. The applicant acknowledged, yes.

The acting chair inquired about the processing facility's fire and building code and said that understanding that the processing facility is on an existing licensed premises, asked it is the same fire and building permit applied to the processing facility/space.

Mr. Malin said that it is all the same and that the documents were provided to the commission and then asked commission staff Mr. Erik Basa if he received it.

Mr. Basa explained that the fire/building certificate that was used is for the exact [licensed] premises, it [certificate] is not segregated to that specific processing room/facility.

The applicant indicated that it [fire/building certificate] is for the whole [producer and processor] facility.

The acting chair asked if there were any other questions.

Secretary Songsong expressed that with the [marijuana] processing facility, when it comes to processing just as with processing foods, not recalling it being in the regulations, is something that he [the secretary] has to consider which is the Bureau of Environmental Health processing certification [or permit] to ensure things are sanitary and clean, and said to Mr. Malin that is something to look at and consider, but will get back with him on that issue.

Mr. Malin acknowledged, yes sir.

The acting chair asked if there were any other questions or comments. Hearing none, the acting chair recognized Vice Chair Hofschneider to make the proper motion on the application.

- The vice chair motioned to approve cannabis application C-0623-0035-SPN, Top Shelf, LLC., dba Top Shelf Processing, marijuana processor, for licensing.

The secretary indicated to the vice chair that the commission would go for a conditional approval until zoning [permit] is done, similar to.... [indistinct] conditional approval, was issued to Saipan Select; the same thing, conditional approval pending zoning, or was it conditional license, but would still wait for the zoning permit however long zoning will take.

Acting Chair Iguel said that based on the commission's last discussion, zoning does not have any processing use [designation] right now, so they [the applicant] can't obtain a conditional use permit from the zoning office; he visited the zoning office when they had a hearing and raised the concern, but does not know where zoning is right now with including marijuana processor and other [cannabis license] uses into its zoning regulations.

Secretary Songsong said that information is already known, but the license the commission issued Saipan Select pretty much would be the same; he thought recalling back, it was a conditional [processor] license for Saipan Select; the commission did a conditional license for Saipan Select, they can commence [solventless] processing... [indistinct/multiple speakers].

Vice Chair Hofschneider addressed the secretary and said that Mr. Basa had just indicated that the conditions [for Saipan Select] were to complete the individual history form and for the conduct of a second inspection. The secretary acknowledged.

The acting chair asked the secretary if he had any more comments. Hearing none, the acting chair said that there was a motion on the floor for approval of cannabis application C-0623-0035 for Top Shelf, LLC., dba Top Shelf Processing.

- The secretary seconded the vice chair's motion for licensing of Top Shelf's marijuana processor application.
- The acting chair recognized the executive secretary to call roll for votes which resulted with all commissioners voting yes for licensing approval.

The acting chair thanked Top Shelf for attending the meeting and congratulated Messrs. Thompson and Malin.

RECESS: The acting chair asked for a five-minute recess at 11:36 a.m., all agreed; the meeting was subsequently called back to order at 11:44 a.m.

VII. Chairman's Report

The acting chair reported about the inquiries made by the legislature, the first urgent one being that the commission needs to get together with the counsel to figure the placement of the commission's funds, where the commission's funds are to be stored/deposited; he had Bank of Saipan in mind because they are the only non-FDIC certified bank on island;

Congressman Attao asked that the commission figure out where to store its funds as soon as possible because the [legislative] bill has already been forwarded to the Ways and Means Committee which is pending a meeting for its consideration.

Mr. Basa asked if Bank of Saipan was the only option. The MD replied that the credit union was another option that was raised... Discussions followed on the matter...

Acting Chair Iguel next reported about the cannabis tracking system in that he reached out to a certain company months but have not responded to the inquiry for an introduction or demonstration of their product; another CTS company was the only one that communicated and provided information; the commission would be acquiring CTS funding soon to get the commission's CTS in place and that Commissioner Songsong provided a [CTS] procurement process that was prepared in the past which will be reviewed and disseminated; waiting on CTS funding appropriation to complete the procurement process for CTS.

The acting chair stated that once commission funds are certified, the commission should have [X amount] in its accounts. The MD specified that it would be [X amount] from the 1501B and 1501S accounts upon certification.

The acting chair then addressed Commissioner Songsong and said that he is unsure if the commission has a satellite office on Rota and asked if there is one already established.

Secretary Songsong said that there is a satellite office [on Rota] with a small conference room; the only thing he requests is a computer and printer for that office because he cannot rely on DLNR's printer and [old] computer... for the commission's future [Rota] staff.

The acting chair acknowledged and said the commission needs to start preparing for it and that he reached out to Commissioner Hofschneider about it who mentioned a possible office space lease on Tinian for the commission's satellite office.

The acting chair then asked if the commission should be paying for utility usage for the Rota satellite office.

The secretary said that he does not use much electricity when he is there, that is an office of the Department of Lands and Natural Resources; he is not there most of the time because [no clientele] he is transcribing meeting minutes at his homebased office; he cannot utilize DLNR's computer because it is old stock, there's no microphone, no speaker, no camera, and that he cannot blast the meeting minutes audio recording there to

transcribe minutes while DLNR staff are there too; the [Rota] mayor is supporting the commission by allowing use of a portion of the DLNR's [administrative] office and maybe when the commission has a [Rota] staff, that may be a time to look for a separate office space location.

Discussions followed on the resource needs of the commission, the establishment of the Rota and Tinian satellite offices and its staff, and spending plan...

Acting Chair Iguel asked Secretary Songsong if he had any other last details with the satellite office and to reach out to the commission should there be anything. The secretary said he had nothing further but would also be looking out for quotations for office space lease on Rota for its satellite office.

The acting chair concluded that his last item, which the legal counsel and legislature raised, is regarding credit card and debit card use at two cannabis retail shops, Saipan Select and Top Shelf, and then requested the legal counsel's input on the matter being that the [cannabis] statute and regulations does not seem to identify commission authority with the use of credit cards.

The MD asked the counsel if he should submit a legal services request on the matter because (Marissa) asked about it... [indistinct].

The acting chair acknowledged the legal counsel that the matter [credit/debit card use] would be discussed in executive session.

VIII. Old Business

1. For discussion and voting: Producer Application Fee [Increase] for Saipan and Producer Application fee reduction for Tinian, Rota, and the Northern Islands.

The acting chair indicated that at the confirmation hearing for former commission chair JB Palacios and in a meeting yesterday, Congressman Attao mentioned that because this is a CNMI cannabis law, any increase or decrease in fees should be uniform for all municipalities, regarding the twenty-five percent (25%) reduction of fees for Tinian, Rota, and the Northern Islands, and then opened the floor for discussion.

The acting chair added that it was voted on [approved fee reduction] in the commission's last meeting, but based on Congressman Attao's comments, it should not happen because if fees are decreased 25% for the three municipalities, then Saipan should also be decreased; it should be equally applicable because the law pertains to the whole CNMI,

and should fees be decreased for the municipalities, then each municipality must come up with their own separate cannabis...[indistinct/background noise]... Public Law 20-66.

Discussions followed on the fee reductions for the three municipalities... the counsel suggested the commission has the discretion and authority to interpret its laws where it sees fit... does not see any limitations... support and defend its decisions... it was based on population...

Vice Chair Hofschneider said that the commission's intention is to entice applicants in Tinian and Rota, but there is not really any reason at the same time, just to rethink everything; the commission still wants retailers and lounges to open here [Saipan], there is a pause currently on producers, so even if fee reductions were made applicable across the board, Saipan is still enticed to open up retail and processor because that is where [producer's] product are to be distributed because there could potentially be a production [oversupply] issue; Saipan can also be enticed to apply for lounge, retail, processor if it [fee reduction] was done across the board; the intention is, entice other islands and then at the same time, producers were paused because of a concern with the amount of product that is out there; in order to assist that issue, the commission considers more applicants for retailer, processor, and lounge license here in Saipan; perhaps from that perspective, the commission made the decision for the right reasons, it was not to exclude Saipan or anything like that, but revisiting it; the thought is the marriage with the whole production issue, that would be a potential way to entice other applicants for processor, retailer, or lounge, just a thought.

Acting Chair Iguel asked Secretary Songsong if he had any comments on the topic.

The secretary indicated that the commission may have to rescind the amended regulations that was submitted to the registry for the fee reductions for Tinian, Rota, and the Northern Islands, it could still be in the comment period and not officially published yet.

The vice chair inquired if the amended regulations could be rescinded, amended, and then resubmitted. The acting chair acknowledged.

The secretary said that for [licensed] producers [on Saipan], which was discussed in a previous meeting, was to allow for a 25% retail and lounge license fee reduction for producers if they apply for a retail or lounge license [outlets]; and with the proposed 25% retail and lounge license fee reduction for producers, processors would also be included because they can only sell to retailers and lounge [and wholesaler]; so, if producers and processors apply for a retail or lounge license, then the 25% retail or lounge license fee

reduction would be applied, a license fee reduction; something to consider, but this matter could be written-up and submitted in the next agenda.

Secretary Songsong continued to say that the other topic that was discussed in a previous meeting with Commissioner JB Palacios was the 25% license fee reduction for [licensed] retailers, processors, and lounges [on Saipan] who apply for and open at another location, those were the two [categories] that were discussed.

The secretary added that another consideration, possibly, is a [requirement] producer agreement with a retailer, processor, or lounge, or require producers obtain a retail [or lounge] license, so that the commission does not experience what a certain licensed producer experienced having nowhere to sell its product [and possibly address black market concerns]; these help with the distribution issue but will write-up the matter for consideration for regulatory amendments in the next agenda.

Vice Chair Hofschneider inquired if the commission would rescind its recent regulatory amendment on the fee reductions. Acting Chair Iguel acknowledged.

Discussions followed with commission staff Mr. Basa on regulatory amendments to the fee...

The acting chair subsequently stated that there was a consideration on the floor to rescind the application fee increase for producers on Saipan, and the application fee reduction for Tinian, Rota, and the Northern Islands, and opened the floor for the proper motion.

- The vice chair motioned to rescind the [amended] regulations involving the 25% reduction of application and license fees for the municipalities of Tinian, Rota, and the Northern Islands, and to revisit different options to include Saipan, seconded by the secretary. All commissioners voted in favor of the motion; motion carried.

IX. New Business

1. Application Requirements: for discussion and voting.

The acting chair opened the floor for discussion and said that this matter was raised in the last meeting regarding the zoning office and how the wording on the [cannabis] application state...

The vice chair inserted, how applicants are able to submit [cannabis] applications with their receipt [zoning application fee payment receipt].

Acting Chair Iguel acknowledged Vice Chair Hofschneider's response and asked if it could be interpreted to mean that the commission staff could already process the cannabis application and present it to the board.

The vice chair expressed that it is not clear.

The acting chair agreed that the wording on the application can be broadly defined but it could also mean that an applicant would be waiting to be heard by the commission; it was discussed in a previous meeting how each applicant makes its own business decision,

[whether to first submit cannabis application and then go through the permitting and acquisition processes, e.g., zoning permit, equipment, leased premises, etc., or to first go through the permitting and acquisition process and then submit cannabis application.]

... and since that is [implied] in the application, if the commission were to go ahead with that and approve an application for licensing but later denied [by the zoning office and/or other permitting agencies], it could be said that it was a business decision that an applicant made.

The vice chair added that the commission allows for application submission with the [zoning] receipt showing zoning accepted their application so that it kind of aligns with the time frame of their zoning application submission; if an application is reviewed as incomplete, an applicant will have time to get it complete and then basically wait for zoning, the zoning permit.

Mr. Erik Basa mentioned that one of the things that was carried along when he accepted applications is the fact that what if an applicant... [indistinct] and the commission already accepted the application; his view it that it gives an applicant a sense that the application will be reviewed, whether accepting and knowing the fact that there might be an instance where they might not be approved by zoning, and then the application becomes... [indistinct]

The vice chair replied to Mr. Basa that it would be a business decision, that is their business decision; they have to take all of that into consideration when they're applying for a cannabis license, never know what is going to happen, it is up to them; there has others that did not submit cannabis application because they did not have a zoning permit, but the cannabis application states that it can be submitted to the commission even without a conditional use zoning permit as long as the zoning receipt of application submittal is submitted with the cannabis application.

Acting Chair Iguel expressed that the wording on the application is not clear and direct, it can be interpreted that if an applicant submits an [cannabis] application, it is ready for the commission to review and presentation to the board if a copy of the zoning application receipt is provided; based on the language on that portion of the cannabis application, it can be submitted to the commission and heard by the board.

Mr. Basa indicated that the regulations say an applicant needs to provide a zoning authorization; technically, an application can be submitted if the [zoning] receipt is submitted along with it, however, an applicant cannot move through the [commission's] process if a zoning authorization is not issued.

Vice Chair Hofschneider expressed that this matter be tabled and discussed further in executive session, Secretary Songsong seconded it.

The acting chair acknowledged the vice chair and then announced that further discussion on the application requirements under this agenda is moved to executive session.

2. For discussion: Yard maintenance agreements and options.

The acting chair indicated that it's been a question that has been coming around lately, and said for the record, the commission is assisting the Carolinian Affairs Office in purchasing their water bottles and in turn they maintain the commission's yard; but again, it returns to Congressman's BJ Attao's concern that the commission shouldn't be out there trying to help other departments when the commission has not established its office(s) first; another option is the Department of Corrections, they have a program, it's free, the commission has to schedule with them and purchase its own fuel; wanted to bring this up for an open discussion to hear other members' side about it, there would be no voting on it yet; the word went around that the commission is open to help other agencies, which he does not mind; the commission was visited by another agency who asked for assistance and as the acting chair, he found it difficult to turn down the people that visited; the commission will meet with them and see how the commission could assist and exchange services similar with the Carolinian Affairs.

The acting chair then opened the floor for any discussion.

Secretary Songsong indicated that he is okay with the inmate [services] part and asked how much the commission was paying for yard maintenance.

The MD indicated that with the former chair JB Palacios' agreement with the Carolinian Affairs Office, it would be four five-gallon water bottles per week, which amounts to about thirty-two dollars (\$32) a month... [interjected]

Secretary Songsong interjected and asked the MD to skip that part, he is looking at private sector yard maintenance service cost, how much would it cost to maintain the commission's lot.

Mr. Basa indicated that during the funding period with ARPA, the commission solicited quotations from private companies... [interjected]

Acting Chair Iguel inserted information about the governor's directive on the cancellation of government office's procurement of private services, e.g., yard maintenance, cleaning services, etc.

The secretary agreed with the acting chair and said that is why he was okay with inmates, but he was just wondering how much it cost or what was the quote to maintain the commission's lot from private services.

Mr. Basa responded that it was one-hundred fifty (\$150) a month for yard maintenance service twice a month.

The secretary concluded that he liked the exchange of services [with the Carolinian Affairs] but does not know now at this point.

The acting chair also expressed liking the exchange services with Carolinian Affairs or going with the Department of Corrections, but engaging in exchange services with one government department could cause others to approach and the commission not being able to assist...

The MD clarified that to distinguish the difference between the Carolinian Affairs Office and the visit by the Disabilities Office is that the Carolinian Affairs was sort of a mutual deal, the commission got something, and they got something; whereas for the Disabilities Office, they were asking for funds. The acting chair added, funds or the purchase of items.

The acting chair indicated that this matter could be revisited in the next meeting with more communication details from the DOC for further discussion and voting.

3. For discussion and voting: Any Amendments to P.L 20-66 and P.L 21-05.

Acting Chair Iguel mentioned that the legislature asked if the commission had any proposed amendments to the cannabis public laws, understanding that the commissioners had already prepared some items for amendment.

Vice Chair Hofschneider asked if there was a list already of proposed amendments.

The acting chair indicated that he has one for amendment to include the cannabis tracking system and requirement of all licensees to procure the CTS and any add-ons, e.g., third party add-ons, that the commission acquires for the CNMI; he is working on that and should be presented by the next meeting.

Secretary Songsong inquired about the commission's revolving fund of application and license fees where the legislature must appropriate it; that was one of the issues mentioned in the past where the legislature's funds appropriation from the commission's revolving fund should be stricken.

The acting chair explained that it does not have to be, that is the one issue that the counsel would need to assist in figuring; it was said that the commission cannot have an account within the government's accounting system, that is why if the commission sets-up its account with the Bank of Saipan, then the commission does not need a [government] revolving account anymore; cannabis funds that the Department of Finance receive would be deposited into the commission's Bank of Saipan account.

The secretary indicated that the other statutory amendment spoken of and submitted in the past was the changing of the [annual and renewal] anniversary date of a license to start on the date a license was executed to avoid a processing backlog with all licenses expiring and renewing at the same time [September 30th/October 1st].

The MD indicated that Congressman BJ Attao mentioned the [cannabis license] renewal date; his idea was to set it a month back to August instead of September 30th so that the commission would have that time to run through the renewal processes and have an idea before the October 1st date of what the commission's budget would be for the next year, and also the prorating of the licensing fee; it was a recommendation and not something the legislature particularly wanted.

The acting chair asked Mr. Basa for an explanation of a prorated license fee; discussions followed on the subject matter...

Acting Chair Iguel subsequently asked if there were any more comments on proposed amendments to the cannabis public laws. There were no further comments.

X. Managing Director's Report

The MD indicated that most of what he will report was already discussed in the legislative cannabis committee hearing yesterday and then reported the following information:

- Sixteen (16) active licenses consisting of eight producers, six retailers, one lounge, and one processor;
- Nine (9) application denials;
- Four (4) application withdrawals;
- One (1) non-renewal of license; and
- One (1) surrendered license (permanent business closure).

Mr. Basa explained the application denials in that he sent eight proposed denial letters to the Tu'u Group because three were incomplete and was placed on hold, and the other five were non-compliant with the approval-in-principal, which was to contact the commission for an [initial pre-operation] inspection; the notice of denial letters were issued on September 30th, which gave them the opportunity to withdraw their applications by submitting a withdrawal letter by October 6th, but to this day, the commission has not received any letter or communication from them in regards to the withdrawal of their applications.

The acting chair asked if one of the denials included the As Mahetuk...[indistinct]. Mr. Basa acknowledged, yes, and explained the matter of that particular applicant...

Vice Chair Hofschneider expressed the need for and importance of compiling a list with reasons and details of all application denials and accessibility of those information for future reference. A brief discussion followed on the subject matter...

The MD continued to report that there are seven (7) pending applications for the following applicants:

- Da Dankery for producer class 1 license;
- LuMar for processor license;
- Max Farms for retail license;
- Saipan Marijuana Farms for a producer class 1 license; and
- Other applications are pending review.

The other three who will go through the approval-in-principal process or premises on-site inspection would be the:

- Tu'u Group for retailer license;
- Hemp Factory for retailer license; and
- SPP, LLC., for retailer license.

Acting Chair Iguel asked the commission staff how many applications would be ready to present for the next meeting.

Mr. Basa explained that they have a scheduled inspection tomorrow for SPP's retail shop; Max Farms and Lumar submitted pending documents, but he has to conclude the review of their applications; if application standards are met, he could schedule a premises on-site inspection by today or tomorrow and hopefully conduct the inspection by next week.

The MD continued his report with the homegrown marijuana registry information as follows:

- Ten (10) active [permittees], eighteen (18) inactive [expired permits/not renewed], and six (6) pending [documents to complete application and/or permit processing].

The acting chair inquired about the homegrown applicants from Rota if they have been approved already.

Mr. Basa replied that they are still pending and that he communicated with Commissioner Songsong in regard to the applications that were submitted but there are still some pending documents that the applicants need to submit, that is where he is right now with it.

A brief discussion followed on homegrown applicants, un-permitted home growers, commission authority, enforcement, etc.

The MD concluded his report with an update on the complaint against a certain licensed producer back in October; in an email to the cannabis commission dated October 12, 2023, and Facebook post dated October 13, 2023, and during an interview conducted by Commissioner Iguel and himself on October 16, 2023, at 2 p.m., with [Mr. N] who made three allegations against the licensed producer and more specifically its head grower [Mr. M]; the allegations were:

- 1) Misuse of pesticide spray (Lost Coast Plant Therapy) by applying the solution to the leaves and buds of the plants every Monday, Wednesday, and Friday until the plants are ready for harvest;
- 2) Application of diatomaceous earth to the leaves and buds of the plants; and that
- 3) Mr. Y had to have brought into the cultivation facility sprouts from an outside location as there were no viable mother plants in the facility.

The MD and his staff's research of Lost Coast Plant Therapy spray and diatomaceous earth, and two inspections conducted by inspector Mr. Erik Basa and himself on October 18, 2023, at 3 p.m. and October 20, 2023, at 11 a.m. and subsequent interviews with the licensed producer's head grower Mr. Y during the two inspections conducted, they found that:

- 1) Lost Coast Plant Therapy is a widely used product for marijuana plant pest control and that it was a highly recommended product on several cannabis online forums; instructions on the product from the company website states to saturate the affected plants, that is to spray on and under the leaves and on the bud every other day as needed, and that the solution could be used until the day of harvest;
- 2) Diatomaceous earth is also a widely used and recommended product in the industry and that they could not find any evidence of diatomaceous earth on the leaves and buds on any of the plants in the facility; and
- 3) The licensed producer actually had thirty-one viable mother plants in the facility.

The MD concluded that since no evidence could be found substantiating Mr. X's complaint, no further action was taken, and the inquiry was then closed.

Acting Chair Iguel opened the floor for any comments or questions from the commissioners regarding the MD's report.

Secretary Songsong asked the MD that the Da Dankery is reported as a pending applicant. The MD acknowledged that it is.

The secretary asked if Da Dankery would be the tenth producer. The MD indicated that there would be eleven producers with the inclusion of Common Wealth Cannabis Farms.

Secretary Songsong then asked the acting chair if he submitted the commission order on the temporary pause for producer licensing, although it wouldn't affect Da Dankery.

Acting Chair Iguel acknowledged that it was submitted.

The MD added that it [producer licensing pause order] would be published in the register by the end of this month.

The secretary then asked the commission staff if they noticed any excess cannabis products on the [licensees'] shelves.

The MD replied that no excess and said that there was an incident that he wanted to mention where a Mr. Mark Ingram, an employee of the 420 Lounge and retail shop, visited the commission requesting for a list of producers because they were running out of product on their shelves and that he wouldn't have any product to sell; that was the only incident regarding [cannabis] stock.

The secretary asked the MD who was the one business closure that was reported in his report.

Acting Chair Iguel replied that it was T-Marianas, they opened in 2019.

The secretary said that is who he suspected they were and then asked if there was a reason to keep repeating [reporting] T-Marianas over and over; in almost every meeting, he keeps hearing about them in the reports, if they are out then they are out, there's no need to keep repeating stuff like that.

The secretary asked if there were any more pending AIPs.

The MD indicated that the AIPs were reported as the Tu'u Group, Hemp Factory, and SPP, all retailers.

The secretary then indicated that they would be the last AIPs since the commission ceased the issuance of AIP letters.

The secretary concluded inquiring about the Rota homegrown applicants for Messrs. T and M, and asked the acting chair and Mr. Erik Basa that considering the commission cannot deny the issuance of homegrown permits, he asked that their homegrown permits be issued to them already; understanding that Mr. Basa asked for an improved copy of Mr. M's land document aside from the photographic image of land documents that was

initially provided, but it showed that is his property; with Mr. T, although he was emailed a request for land document request, he still has not provided it and understands that it is a pending document; but he [the secretary] can assure that is Mr. T's land, his family's land, a private land that Mr. T has been utilizing forever since he was in high school; he [the secretary] says this because he was a former land enforcement officer and also a land claims investigator on Rota, so he knows everybody's land on Rota, all public and private lands; being that the commission cannot deny homegrown applications, the secretary asked for the issuance of the homegrown permits for the above-mentioned Rota applicants. Mr. Basa acknowledged.

Acting Chair Iguel asked if there were any other comments or questions on the MD's report. There were none.

The acting chair then called for entry into executive session at 12:58 p.m.

XI. Executive Session

- The acting chair announced entry into executive session at 10:41 a.m. from agenda item VI (1) and the subsequent exit from executive session at 11:10 a.m. and stated that feedback was obtained from the AAG regarding consistencies and application matters.

1. Commissioners' role with office operations.

The acting chair announced the exiting from executive session at... [indistinct] and said that discussions involved commissioners interference with any office operations regarding hirings or anything pertaining to office operations, commission research into credit and debit card usage that was raised by Representative Marissa Flores and others, the customs' continued confiscations of cannabis seeds from the mail even though the Drug Enforcement Agency has defined cannabis seeds as hemp [under the 2018 Farm Bill/less than .3% THC] in which an LSR will be submitted to the AG's office for an opinion.

XII. Adjournment

Vice Chair Hofschneider motioned for meeting adjournment, seconded by Secretary Songsong. Merry Christmas! [Adjournment time not called, or audio recording ended.]