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COMMONWEALTH of the NORTHERN MARIANA ISLANDS
OFFICE OF THE GOVERNOR

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
CANNABIS COMMISSION

A meeting of the CNMI Cannabis Commission will be held on **Thursday, March 4, 2021, at 10:30 A.M.** at the Office of the Commonwealth Cannabis Commission Conference Room located at Ascencion Ct., Bldg. 1341, Capitol Hill, Saipan.

AGENDA

- I. Call to Order
- II. Roll Call/Determination of Quorum
- III. Consideration and adoption of Agenda
- IV. Consideration and adoption of Minutes of prior meetings
- V. Public Comment

- VI. New Business
 1. Discussion on FY 2022 Budget
 2. Discussion on Commercial Premises Onsite Inspection SOPs
 3. Discussion on RFQ for Cannabis Tracking System

- VII. Old Business
 1. Discussion on Medicinal Program

- VIII. Executive Session
 1. Legal Matters – AAG

- IX. Managing Director's Report

- X. Adjournment

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

Written comments on the agenda may be submitted to the CNMI Cannabis Commission, through the Office of the Governor or emailed to info@cnmicannabis.org on or before the meeting date. Oral testimony may be presented during the meeting on Thursday March 04, 2021.

**CNMI Cannabis Commission
Regular Session Meeting Minutes
March 04, 2021**

I. Call to Order

Chairwoman Nadine Deleon Guerrero called the CNMI Cannabis Commission's meeting to order at 10:36 a.m., which was held at the Office of the Commonwealth Cannabis Commission Conference Room located at Ascencion Ct., Bldg. 1341, Capitol Hill, Saipan.

II. Roll Call/Determination of Quorum

Chairwoman called roll of the commissioners:

Vice Chairman Matthew Deleon Guerrero, representing Saipan, was present;

Secretary Journie Hofschneider, representing Tinian, was present;

Treasurer Valentino Taisacan, representing Northern Islands, was present;

Member Thomas Songsong, representing Rota, was absent (excused).

Chairwoman confirmed board quorum and acknowledged the presence of Acting Managing Director Ms. Janina Maratita. AAG Keisha Blaise was also present in the meeting.

III. Consideration and adoption of Agenda

Chairwoman stated that the RFQ for the Cannabis Tracking System was included as a line item in the agenda for discussion since details/specifications of the RFQ is not fully complete; further discussions and/or decisions will continue at next meeting.

Vice Chairman motioned to add under new business *insurance requirement* for discussion relating to inquiries made by insurance carriers on liability insurance coverage for commercial cannabis establishments, seconded by Chairwoman, motion carried; agenda was adopted with new addition.

IV. Consideration and adoption of Minutes of prior meetings

Secretary motioned to table prior meeting minutes, seconded by Chairwoman, motion carried.

V. Public Comment

Chairwoman opened the floor for public comment; Treasurer verified common areas for the presence of any members of the public. Chairwoman later announced that no members of the public were present for public comment.

VI. New Business

1. Discussion on FY 2022 Budget

Chairwoman indicated that the submission deadline for the FY 2022 budget was last Friday [February 26, 2021] which the commission accomplished, and asked if there were any questions about the budget. Hearing no question/comment, Chairwoman moved to the next agenda item.

2. Discussion on Commercial Premises Onsite Inspection SOPs

Acting MD Janina Maratita reported her site inspection activity of yesterday [March 3, 2021] on a commercial Producer Class I applicant which was satisfactory overall, however, approval for licensing was not recommended as the grow site needed to complete its security camera set-up and address other details; a follow-up inspection will be conducted next week to verify completion of the above-mentioned issues.

Secretary, who participated in the inspection with the acting MD, stated that there are some issues that needed to be ironed out about the inspection process and proposed amendments for consideration to the regulations to be more reasonable with applicants; with signage for example, current regulation prescribes signage and font size at 12" X 12" sign with 1/2" font and felt it being too restrictive; an 8" X 11" or 8" X 14" sign is perfectly readable and acceptable which is the sign size the applicant had posted at its producer site, therefore, regulations should consider allowance of that 8" X 11" signage size; discussion continued on signage, posting areas, appeals process and hearing officer...

Secretary mentioned that inspection letters were modified to clarify inspection expectations; some details with yesterday's inspection concerned indoor grow area/tent not set-up although equipment and gear were present, and assurances with security from unauthorized access at grow site or at the product curing/storage site which is down the road from the grow site, and which is another location the commission needs to confirm is secure from unauthorized access.

Secretary cited that the applicant was informed of the inspection team's inability to recommend for approval of its Producer Class I grow site because of the aforementioned issues that need to be completed, i.e., grow site and security camera set-up, and secured product storage which should be specified in its SOP.

Secretary continued that inspection letters issued to clients that determines approval for licensing needs to be articulated to specify expectations so that the commission avoids incidences with unprepared facilities, in the process of being set-up, or not ready to operate, and the commission having to return for another re-inspection to re-determine operational completion and compliance for approval to be licensed.

Secretary spoke of commission approved physical layout plans (or floor plans) of a facility, and that any change or proposed change, e.g., facility extensions beyond the initial approved layout plan, requires reporting by the client and commission approval, including the need to address these issues either through policy, resolution or other means; and that alterations to any commission approved floor plans of the licensed premises should require additional application and/or fee as it will cost the commission administratively to conduct another re-inspection to ascertain compliance with regulation of the altered area, and the commission's re-consideration, re-approval or denial depending on the inspection outcome and inspector recommendation; discussions continued on related facility activities, e.g., cannabis waste disposal, etc....

Secretary shared a topic brought up by the applicant during the inspection about producers being allowed by regulation to transport marijuana and indicated that the regulation does not specify amount limits for transport nor does it have a notification process where producers notify law enforcement of marijuana products being transported, unlike other jurisdictions requiring law enforcement notification. The Secretary additionally described a good perception of the applicant being already self-connected with a cannabis tracking system company known as Canix costing \$300 to \$400 a month; according to the applicant, Canix hopes that its cannabis tracking system (CTS) is introduced to others and encouraged to join to help reduce Canix's monthly CTS costs, which could lead to allow commission access to its online cannabis tracking system database, and possibly eliminating associated or direct costs to the commission. Secretary added that there is no guarantee that other producers would be encouraged to pay that high a CTS cost or if Canix's cost will be reduced enough to appeal to others. Chairwoman pointed out that if the commission had to pay for this service (CTS database access) with Canix or other CTSs, the commission is required to go through the procurement processes and requests for quotations/proposals.

Acting MD stated that the question is will the commission have the funds to acquire its CTS and added that volunteer situations with applicants/licensee's obtaining CTSs on their own acts as a temporary solution to cannabis tracking as the commission awaits funding support to acquire its CTS; discussion continued on other CTSs used in other jurisdictions and related costs...Chairwoman mentioned possible CTS managing issues

that may arise with varying CTSs in use by licensees as opposed to having a unified system, and highlighted another licensee using a different CTS.

Secretary brought up her final concern on cannabis training requirements which she communicated with the applicant/producer that is being considered by the commission, and suggested the commission's swift decision on the training issue including identifying a list of certified cannabis training schools as the commission moves into licensing producers, wholesalers, and retailers; discussion continued on training requirements, training schools and possible reactions of licensees or the public...

RECESS: Chairwoman called for recess at 11:58 a.m.; meeting was called back to order at 12:10 p.m.

Chairwoman asked if there were any other matters for discussion; Secretary thanked Acting Managing Director Janina Maratita for her service with the commission.

Vice Chairman touched on possible regulatory changes with amendments to the regulations to provide for the current processing of permits/licenses; under the current process, the commission waits for different licenses from various entities, e.g., business license, zoning, BECQ, etc., in order to consider cannabis licensing...to consider striking-out certain provisions (1080) with the application process (Secretary expressed 30-days would be beneficial), allow for the submittal of application and fee payment including applicant undertakings under commission regulations while waiting for other documents/permits from other government entities to work towards streamlining the permitting system with what currently seems to be a cumbersome process...Secretary inserted the lottery process, moratorium in the event, and discussions continued...

Acting MD brought up problematic concerns with language to be used with Approval-In-Principal letters for applicants under the processor category. Vice Chairman inserted, "You mean endorsements? The commission currently does not have an endorsement process."

Secretary followed stating the commission's previous discussion that only specific terms and conditions will be placed on processor licenses on what can and cannot be processed at this point because although it is approved by regulations, the commission has not implemented it yet and is not prepared for that segment of the cannabis industry, e.g., concentrates, extracts, edibles; the commission may implement certain endorsements in phases, but at this point it would be just for basic processing; the face of the license would specify that, and once the commission gets to a point where it has decided on allowed processor endorsements, it can start phasing them in and allow for the

application of those endorsements, but until then, the commission is still with basic processing; there needs to be discussions with the processor applicant and inclusion of its processing operations in its standard operating procedures as to its processing methods and processed products which would be crucial in determining if the commission is prepared to take on that level of cannabis processing and products to be processed.

Chairwoman detailed that the commission could discuss more of the acting MD's concerns or questions during the managing director's report.

3. Discussion on RFQ for Cannabis Tracking System

Chairwoman stated her earlier mention of the CTS RFQ and that she's tabling this agenda item until additional information is gathered, specifications formulated and finalized on the CTS RFQ which she'll then disseminate to the commission, and asked if there were other details or specifications the commission wanted to add to the CTS RFQ. Hearing no discussion, Chairwoman moved to the next agenda item.

4. Insurance Carriers' inquiry into Insurance Requirement for Commercial Cannabis Establishments

Chairwoman mentioned her hearing of an inquiry about insurance requirement for cannabis establishments from Representative Ed Propst. Vice Chairman followed by stating that he was approached by individuals from insurance companies who inquired and/or stated issues with insurance coverage for cannabis establishments.

Vice Chairman indicated that his sentiment about the insurance issue was that the cannabis commission does not require it, therefore, it is not the commission's concern and has nothing to do with the commission's regulations; there's nothing the commission can mandate through the cannabis commission for insurance companies to provide insurance. The issue apparently stemmed from individuals who are seeking to obtain a lease for a cannabis retail establishment but the landlord requires them to obtain general liability insurance on the property.

Vice Chairman continued that if the commission wants to look into the broader complicated issue with insurance requirement for cannabis establishments, he's reached out to acquaintances in Colorado noting that Colorado requires its cannabis establishments obtain insurance from regulatory bodies; the question is whether or not insurance companies would be more willing to provide it here, or does the commission reach out to the five national insurance providers, the only five national insurance providers that provide cannabis related insurance, and whether or not they would be

motivated to provide it here because of the requirement of the government; this matter was discussed with a couple of insurance companies which eventually led to point to the banking system not doing banking business with businesses engaged in cannabis products...so the recent insurance inquiry that was brought up is not an issue with anything related to the government or with any regulatory requirement, it is right now an issue between a landlord and potential business lessee.

AAG asked Vice Chairman if his research on insurance requirements for cannabis establishments come across others being covered or insured besides the cannabis business establishment; was there coverage for cannabis commissions/boards at all with Colorado's insurance requirement.

Vice Chairman replied "no" to the AAG's question and explained that Colorado's insurance is structured requiring overall comprehensive liability insurance throughout the entire supply chain; so for example, if an end user gets sick, the entire supply chain, e.g., cultivators, processors, retailers, etc., are all liable... there is some merit to Colorado's example of holding the entire supply chain responsible for product safety and ensuring insurance coverage for any potential liability.

AAG advised that because the commission has no insurance requirement and marijuana establishments can operate without it, it is prudent that the commission be on top of things with detailed inspections, product labeling, enforcement, records, etc., in the event an issue arises with a business's bad product or consumer complaint...additional various topics of discussion followed...Chairwoman moved to the next agenda item.

VII. Old Business

1. Discussion on Medicinal Program

Vice Chairman mentioned that a portion of the medicinal program is now in regulation under the homegrown registry allowing medicinal homegrown registry licensees to cultivate additional marijuana plants than the specified limit under the regular homegrown registry, provided the applicant/licensee has or obtains a physician's recommendation for medicinal marijuana use.

Secretary indicated that the homegrown registry application will be updated to provide for the inclusion of the medicinal program.

Acting MD brought up issues concerning a bombardment of questionnaires from applicants even though clear instructions and/or information is available with the

application or in the website; it seems that many people are unaware of the commission or governor's website and suggested some form of social media publication be implemented to at least reveal the commission's link to its website to help guide individuals to a source of information that could help answer questions before first aiming to call or e-mail the commission's office; discussions followed on ideas to disseminate website information to the public via fact sheets, informative videos, etc....

Chairwoman stated that as far as the medicinal program goes, it would be worthy to establish a list of physicians that would provide recommendation for medicinal marijuana use, but it is unclear as to how to go about acquiring that information.

Vice Chairman inserted that in previous discussions, the alternative was to secure a board of licensing permission, and that the CHCC (Commonwealth Health Care Corporation) is not involving itself in issuing such permissions.

AAG suggested that individuals should talk to their physicians first who in turn may refer them to other physicians...and advised against the commission's involvement in physician/patient matters, diagnosis, symptoms, etc.; discussions continued on the subject matter, medicinal homegrown registry, public information and education, and the commission's statutory annual summit...

Chairwoman asked the AAG if she had any legal matters for the commission before moving into executive session; AAG had no matters to offer the commission and the commissioners had no questions for the AAG.

VIII. Executive Session

1. Legal Matters – AAG

No executive session was held.

IX. Managing Director's Report

Acting MD had no other information or updates to report to the commission other than what she expressed during the meeting.

X. Adjournment

Chairwoman asked if there were any other discussion before motioning for adjournment; hearing none, Chairwoman motioned for meeting adjournment at 12:56 p.m.; all commissioners voted in favor to adjourn meeting, motion carried.