



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

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A regular meeting of the CNMI Cannabis Commission will be held on **Wednesday, April 27th, 2022 at 10:30 A.M.** at the Office of the Commonwealth Casino Commission Conference Room located at the Springs Plaza, 2nd Floor, Middle Road, Gualo Rai, Saipan.

AGENDA

- I. Call to Order
- II. Roll Call/Determination of Quorum
- III. Consideration and adoption of Agenda
- IV. Consideration and adoption of Minutes from prior meetings
- V. Ground rules for Hearing Process

- VI. Public comment

- VII. New Business
 - a. **Hearing for Common Wealth Cannabis Co., LLC., Marijuana Retailer License #RT91225:**
Hearing for Common Wealth Cannabis Co., LLC., as represented by Owner Michael Sheu, to conduct the appeals process for alleged violation of Part 1500 Marijuana Events of the CNMICC Regulations.

- VIII. Old Business
 - a. Request for Proposal: Cannabis Tracking System

- IX. Managing Director's Report

- X. Executive Session
 1. Legal matters regarding personnel action
 2. Other legal matters – AAG

- XI. Adjournment

Copies of this notice and agenda have been posted at the Administration Building Entrance Hall, the House of Representatives Entrance Hall, the House of Senate Entrance Hall and www.cnmicannabis.org, the CNMI Cannabis Commission's official website.

Written comments on the agenda may be submitted to the Office of the CNMI Cannabis Commission located at Ascencion Ct., Bldg. 1341, Capitol Hill, Saipan or emailed to info@cnmicannabis.org on or before the meeting date. Oral testimony may also be presented during the meeting on Wednesday, April 27th, 2022.

CNMI Cannabis Commission
Regular Session Meeting Minutes
April 27, 2022

I. Call to Order

Chairwoman Nadine Deleon Guerrero called the CNMI Cannabis Commission's meeting to order at 10:34 a.m., which was held at the Commonwealth Casino Commission's conference room located at the Springs Plaza, 2nd Floor, Middle Road, Gualo Rai, Saipan.

II. Roll Call/Determination of Quorum

Chairwoman Nadine Deleon Guerrero called roll of the commissioners:

Vice Chairman Mathew Deleon Guerrero, representing Saipan, was present;
Treasurer Valentino Taisacan, representing Northern Islands, was present;
Commissioner Thomas Songsong, representing Rota, was present (video conference);

Chairwoman announced Secretary Journie Hofschneider's excused absence from today's meeting and confirmed quorum with the commissioners present; also present in the meeting were Managing Director Monique Sablan and commission staff head of permitting/licensing division Mr. Erik Basa and Mr. Dominique Pangelinan of the investigations/enforcement division, and AAG Keisha Blaise attending via zoom.

III. Consideration and adoption of Agenda

Chairwoman asked if there was any discussion or motion to adopt the agenda, and then announced for the record that a notice was sent via electronic mail to a certain licensee, his attorney or legal advisor, and the commission's AAG, who were scheduled to appear in today's hearing, informing them of hearing postponement until further notice, and that that portion of today's agenda would be amended.

Vice Chairman motioned to amend the agenda on the postponement of the hearing for Common Wealth Cannabis Co., LLC., Marijuana Retailer License #RT91225 until further notice, and then the adoption of the agenda, seconded by Treasurer Taisacan; all commissioners voted in favor of the motion, motion carried.

IV. Consideration and adoption of Minutes of prior meetings

Chairwoman inquired about pending meeting minutes of prior meetings. MD stated that all prior meeting recordings are in the actual drive which has been shared with Commissioner Songsong, and that she is working on solving some sound and download issues with other meeting recordings.

Chairwoman then asked if there was a motion to table the consideration and adoption of prior meeting minutes until next meeting.

Vice Chairman motioned to table the consideration and adoption of prior meeting minutes until next meeting, seconded by Treasurer Taisacan; all commissioners voted in favor of the motion, motion carried.

V. Ground rules for Hearing Process

Chairwoman announced the ground rules for the hearing mentioned earlier that was postponed in that the AAG (Dela Cruz) will assist the commission with procedures in addressing the matter which he will provide the commission when ready for review.

VI. Public Comment

Commission staff verified common areas for members of the public for public comment, and then subsequently reported that there was no one present for public comment. Chairwoman announced the same for the record.

VII. New Business

- 1. Hearing for Common Wealth Cannabis Co., LLC., Marijuana Retailer License #RT91225:** Hearing for Common Wealth Cannabis Co., LLC., as represented by Owner Michael Sheu, to conduct the appeals process for alleged violation of Part 1500 Marijuana Events of the CNMICC Regulations.

- Postponed until further notice as indicated above.

VIII. Old Business

- 1. Request for Proposal: Cannabis Tracking System**

Chairwoman mentioned that she will be sharing with commission staff information on cannabis tracking system expectations for review of items that may have been missed, or other methods or structure that may or may not be beneficial to the commission's cannabis tracking system; and that once reviewed, agreed upon and finalized, Mr. Basa could forward it to the procurement office for initiation of a request for proposal announcement.

MD stated that she had communicated with a certain cannabis tracking system company for basic information, contractual agreements, use and similarities with other jurisdictions, and suitability for the CNMI's needs.

Chairwoman asked if there were any questions on the cannabis tracking system expectations; hearing no questions, Chairwoman moved into the managing director's report.

IX. Managing Director's Report

MD indicated receipt of a verbal confirmation from a Class 1 producer licensee (T-Marianas) that he has decided to withdraw his license, close shop, and is culling/disposing marijuana plants/items, and that the licensee expressed that personal family matters had arisen needing his attention which led to his decision.

MD continued that she had a good conversation with T-Marianas who wanted to relay to the commissioners about the challenges he encountered as a licensed cannabis producer:

- High fee/taxation butchered his business;
- Inability to keep up with expenses and is still trying to make up for the associated costs, e.g., fees, start-up costs;
- No cannabis retailer wanted to purchase his product at \$10.00 a gram; and
- Low cannabis yields.

And being that the licensee has full-time job, his producer license served as a part-time income earning activity; and being the sole producer/grower, he engages in cannabis cultivation activity when time permits, and is hampered when he has to be off-island; as a result, he will be submitting his formal withdrawal soon.

MD pointed out that T-Marianas had one of the best quality cannabis product she has seen with a variety of strains, e.g., strawberry, blueberry, cheese, and that she did not anticipate T-Marianas' withdrawal; T-Marianas also indicated that it has no issues specifically with the commission or regulations, and that its withdrawal was based on a personal business decision arising out of situations not working in its favor, and that future entry into the cannabis market may be a possibility depending on favorable outcomes with the cannabis industry and business engagement. MD concluded discussion on the subject matter that it was great hearing the challenges licensees face which helps the commission better prepare for future licensees.

MD moved on stating that she recently attended a meeting with the legislative House Cannabis Committee and was requested to appear again to discuss the commission's proposed revolving account, including other amendments proposed to the cannabis act; she met with committee Chair Denita Yangetmai and Representatives Corina Magofna, Vincent Camacho and Richard Lizama, and their conversation was the same conversation they had for the last three to four months, which is "Why do we need to pass all the proposed amendments";

MD reiterated for the record about the various times she had conversations with the House Cannabis Committee:

- The first meeting was when they first introduced the cannabis amendment act and did public commenting which communicated exactly why a particular amendment was desirable;
- The next meeting was when they were supposed to vote on a final vote/adoption of a proposed amendment where they had asked for a presentation and update of the CNMI's cannabis industry, which was conducted in March, where the commission hosted a meeting presentation with detailed slides, however, we were rushed to get through the actual conversation;
- After that, a governmental cannabis stakeholder meeting and presentation was held, which reiterated the same information, detailed slides presented, and pdf versions of every presentation conducted were sent to their respective offices for review;
- The House Cannabis Committee called for another meeting, which was yesterday's meeting, where it was explained again the reasons for the proposed amendments to the cannabis act.

And so one of the committee's main issue is why does the commission need a revolving account, in which she explained the differences between two of the CNMI's commissions - the casino commission and cannabis commission - where the casino commission had one sole licensee whereas the cannabis commission hosts a lot of licensees, and that the actual licensing fees of the cannabis commission will never be equivalent to fifteen million dollars (\$15,000,000.00), unlike that of the casino commission, so the cannabis commission will not make as much as it would need to fund its administrative and operational costs; the accumulation of application and licensing fees, and what is now the potential for violation and citation fees that has been established, the commission needs access to those funds; the differences were laid out between their view of what they think or assume that those funds is revenue when it is not, and should be considered as regulatory fees based on MD's own perspective as managing director, whereas revenue generated will derive from monthly the Business Gross Revenue Tax and cannabis tax;

MD continued: A few things were listed with what the revolving fund account would be used for operations in general:

- Supporting permitting and licensing, and enforcement operations;
- Office equipment and supplies;
- Educational outreach like what the commission has already been doing; and
- Acquisition of a cannabis tracking system (CTS), which is a subscription, a contractual agreement, to use a CTS company's system and is not a one-time payment.

Those were the general basis that was explained for the revolving account, and even if enough funds are accumulated to potentially hire more staff, that would be beneficial for the commission; it was a constructive conversation in which they were mostly focused on the educational aspect of cannabis in schools; it was reinforced, however, that the commission are not public safety law enforcers, i.e., monitor cannabis use in public

places or in schools, etc., and that the commission are business regulators and provide support to the Department of Public Safety and other law enforcement agencies' enforcement of cannabis laws under their jurisdiction; additionally, it is also not the commission's duty or role to tell the Public School System how to establish their policies against cannabis use in schools, however, the commission will show its support for the safety of minors against cannabis use, including responsible adult use and conduct; at the end of the day, there was no end conversation or where the proposed cannabis amendments will go, but encouraged their support in assisting the commission in streamlining the regulating of the CNMI's cannabis industry; homegrown marijuana was also briefly discussed with the House Cannabis Committee which also involved a proposed amendment in the cannabis act with which they agreed, including cannabis cultivation on public land in the Northern Islands and the need for a change to an error made in the bill which was reiterated several times.

Chairwoman asked if there was any indication that the proposed amendments in the proposed bill will pass or not. MD did ask the House Cannabis Committee what would be the next step, which they replied that they will let the commission know; however, from what MD has gathered, they seem to be in support of the proposed amendments to the cannabis law.

Chairwoman suggested that it may be worthwhile to have a one-on-one conversation with the cannabis committee members in order to grasp the beneficial elements of the proposed amendments to the cannabis law. MD replied that some members were supportive but does not know what it would take for the legislators to come to a majority vote on the proposed bill.

MD moved on reporting that she received an inquiry from licensee Common Wealth Cannabis relating to an upcoming music festival scheduled for May 20th at the fishing base, in which they are sponsoring the music festival and submitted a proposal to host a booth at the event with informational signage on cannabis and about their establishment, and to sell cannabis products; and if not permitted to sell cannabis, they request to sale non-marijuana items such as rolling papers, shirts, possible food items, etc., including the use of its company name (Common Wealth Cannabis) at the booth.

Vice Chairman advised the MD to respond in writing to Common Wealth Cannabis about their inability to sale marijuana at the music festival at fishing base because the site is in on public land and in close proximity to the Garapan church, and for the fact that a special event license requires a thirty-day advanced request, in addition to all the regulatory reasons why the sale of cannabis cannot be done at that venue.

MD acknowledged and inserted her perspective that eventually in time this is something that is going to have to be allowable for non-marijuana items, that there is going to be a lot of events that are going to be happening and thinks that this, especially coming from public lands, is the only leeway they would have to be able to advertise their company because the commission does allow for advertising to an extent; to allow them to do this as long as they are not selling or exhibiting marijuana.

MD stated that she does not see selling non-marijuana items as a bad thing and that Common Wealth Cannabis are taking reasonable precautions with adult clientele 21 years of age and older, and feels it would be beneficial for the industry for cannabis businesses to be able to advertise, and exemplified other businesses, e.g., MarPac, who have established their advertising booth, the only difference is that cannabis products will not be able to be sold; MD expressed that this will be controlled and that what Common Wealth Cannabis submitted is reasonable, at the end of the day, they are not a secret.

Chairwoman asked if the event is being advertised as 21 years of age and older. MD replied that the event is open to all ages, but their booth (Common Wealth Cannabis) will not allow minors and that they will have some form of disclaimer, and added that the commission can communicate with the Department of Public Safety just to let them know that there is a non-marijuana event occurring and that no marijuana products will be sold/allowed other than marijuana informational booths and nothing requiring the commission to regulate.

MD asked if the board would agree to Common Wealth Cannabis' sale of non-marijuana items at their booth during the event and advertise under their licensed company name. Chairwoman responded that she does not see any reason why not. Vice Chairman reiterated the need for MD to be clear in writing with Common Wealth Cannabis about what is permitted and what is not. MD acknowledged.

MD moved to the Cannabis Stakeholder Presentation held on April 20, 2022 having a great turn out of governmental agencies although a few agencies were missed because of coinciding events with the judiciary; a lot of great feedback was received and more people are well informed about the commission and the intent of the cannabis laws as was explained by the initial drafters of the CNMI cannabis law, DPL Secretary Sixto Igisomar and DCCA Secretary Joseph Deleon Guerrero, and thanked the commissioners for their presence during that event.

MD addressed an issue that occurred at the above-mentioned cannabis stakeholder presentation apologizing for the oversight after receiving information from AAG Blaise about all the commissioners' presence on the question/answer panel constituting a quorum, and apologized to Commissioner Songsong for being excused from the panel on that basis, and that future events will be planned in non-quorum form; she thanked the commissioners on the panel for providing inputs, the Commonwealth Casino Commission Chairman Edward Deleon Guerrero for his great words and support of the cannabis industry, as well as the cannabis commission staff for handling the logistics of the event.

MD continued that during her preparation for the cannabis stakeholder presentation, Marianas Variety reached out to her expressing their desire to create their own cannabis related 420 CNMI Guide that would be issued at all stores with a disclaimer for persons 21 years of age or older; the booklet will showcase an article about the commission's managing director, the commission's high expectations campaign, feature a few of the commission's licensees; in actuality, they will basically insert the commission's booklet

into their 420 CNMI Guide book, which is great for informational purposes and free cannabis business advertisement to get the word out, so that was a great collaboration with them; going back to the music festival, at the end of the day, licensees are going to have to be able to advertise to an extent as long as there is this disclaimer, while the commission pushes the market forward and let people know who are the legal cannabis retailers out there.

Vice Chairman, going back to the music festival, thinks it worthwhile taking a look into part 360 of the regulations (*Notification to the Commission*), that licensees must notify the commission if there is any violations of the law or regulations, not necessarily by them, but by any violators, and so remind them that if they are in violation, fall into violation, or if they see things or others that are in violation, that they are required to notify the commission, then work with the enforcement network where necessary.

MD acknowledged and added that in connection with the enforcement network, at the end of every law enforcement training presentation the commission has been conducting, the last training slide always talked about *duty to notify the commission about licensees*; yes, it is agreed that they (licensees) are entering the legal market, but that does not stop them from doing anything illegal, so with the Department of Public Safety, they are also on the lookout and are well aware of who are the commission's licensees, and the commission will continuously update them on its active licensees.

MD moved into law enforcement training which started in March (2022) and held four to five training sessions; she acknowledged that a seminar is something that may needed, however expressed that the intimacy of training with small groups of law enforcement officers with the ability for one-on-one conversation was effective; they were able to present their own case-by-case scenarios they encountered over the years which was beneficial to those who may have not been able to express their thoughts or ask questions, and that almost every training session had similar questions to an extent but with completely different scenarios.

Chairwoman inquired what question was asked the most. MD replied relating to driving under the influence (DUI), responding to individual(s) consuming cannabis within a group, or consuming cannabis in public, and action to take on over the limit cannabis cultivation or unlicensed marijuana cultivation; training of customs officers has also begun and were a great group who had many questions relating to importation and exportation, inter-island transport, possession limits, encountering marijuana items in the post office, border, etc.; hemp was also discussed being federally legal, but the advice from law enforcement authorities was that if cannabis is claimed as hemp as it enters into the commonwealth and is not properly packaged and labeled, it will be confiscated.

MD moved on to the regulations that was recently posted in the commonwealth register that it should be up in the next couple of weeks, which is about the start-up inventory... Chairwoman indicated that it is in the commission's website but not in the law revision commission. Vice Chairman indicated that the law revision's last update was in

November 2021, so it is way behind in updating its system with the commission's regulations.

MD indicated that she has reached out (emailed) to the law revision commission numerous times asking to fix/update the cannabis commission's regulations; whenever new regulations are passed, memorandums are sent to the commission's licensees informing them about the new regulations, i.e., notifications to the commission, increased penalties, etc.; the next step that should be done with the 30-day public comment period with the change to the start-up inventory regulations and inclusion of the cannabis tracking system is to adopt them in the commission's next meeting, which were posted in Saipan, Tinian, and Rota, so adoption and certification is the next step.

MD moved on with mentioning that there may be a potential upcoming inspection within 2 -3 weeks for a pending Producer Class 2 applicant that sent them an email on their approval-in-principal inspection for operational readiness, which will then be presented to the board.

MD moved on to another topic stating that she submitted to the Chairwoman, an internal memorandum, of a notice of delegation of authority and submitted her resignation as managing director of the cannabis commission dated April 13, 2022, her last official working day being today (April 27, 2022), but that she is on leave until May 20th; however, she will still be coming in to the office within that time frame to assist with the transition which has already begun; and in her delegation of authority, if she is able to do so, designated Mr. Erik O. Basa, inspector of the commission's permitting and licensing division as acting director, expressed confidence with the rest of the commission's team to which they all agreed that Mr. Basa would make a great acting director during this time based on the amount of work that she and Mr. Basa have accomplished together and being the senior staff of the commission with an understanding of what the commission is attempting to accomplish.

MD announced that Mr. Erik Basa was also nominated and awarded as the commission's Employee of the Year during the CNMI's Public Service Recognition Week, is a great individual to work with, and that the commission is in good hands. MD thanked the board and staff for the opportunity to have worked in her capacity and for being a part of the team to have started something historical in the CNMI.

Vice Chairman thanked Mr. Erik Basa for taking up the role of acting managing director and thanked MD Sablan for performing such a great job, and expressed that the delegation of authority may need to come from the commission chair. Chairwoman acknowledged and indicated that she will get that delegation of authority out.

MD expressed that the building of the commission has reached the point where the administrative duties have been established with the establishment of regulations, seamlessness of permitting and licensing, and building the commission's divisions, conveyed her belief that she is not the ideal fit for the next phase of where the commission is getting into with business regulatory enforcement, which is where others

with that background could take to the next level; she looks forward to whoever is going to fill her seat that he/she will bring something different to the table and may be the enforcer that the commission needs to ensure licensees are compliant.

Vice Chairman expressed that the message from the commission is that we had one job at the onset, and that is to set-up the administrative framework for this process, and we got the right person to do it and she did it well, and mission accomplished; that is what we brought her in to do, she did her job, now she's moving on to the next stage of her career, and felt that was probably the best way to set it up. MD thanked the Vice Chairman.

MD stated for the record that it is for the reasons mentioned above for her leaving the commission and is excited to pursue her new job opportunity, and believes the commission's path should go towards strengthening enforcement and compliance, and that Erik Basa and commission staff have been doing great.

Chairwoman, Vice Chairman and MD discussed the rescindment of the memorandum disallowing Secretary Hofschneider's participation in the voting processes of applications for licensure as she assisted the MD and commission staff with the review of application and the conduct of inspections.

MD concluded that she looks forward to the hiring of a new managing director and offered her assistance with the new hire in transitioning. Chairwoman thanked and praised MD for all her hard work and opened the floor.

Treasurer Taisacan expressed his appreciation to the MD for her great work and assisting the commissioners in time of need.

Member Songsong expressed his appreciation to the MD for serving with the commission, sadness to see her leave, but acknowledged bigger and better things in her future and wished her good luck with her endeavors.

X. Executive Session

1. Legal matters regarding personnel action
2. Other legal matters – AAG

Chairwoman announced that the commission was to enter in executive session to discuss personnel matters, e.g., employee evaluation, etc., in executive session, but the agenda was released before it was known Managing Director Sablan was departing the commission, so therefore, this part of the agenda is cancelled.

XI. Adjournment

Chairwoman stated that she announced earlier in the year that she will be leaving for vacation next week Monday and will be back on June 11th, and that upon her return, the commission can discuss the rescheduling of the hearing of a certain licensee and legal

issues; she advised Acting Managing Director Erik Basa methods of communication in order to reach her in the event he needs to communicate any matters, and that her designee is Mathew Deleon Guerrero as acting chairman during her absence and is available to respond to the acting MD should there be any question.

Chairwoman announced that the commission's next meeting will be held on the last week or last Friday of the month of May.

Chairwoman asked if anyone had any announcements or anything else to discuss; hearing none, Chairwoman asked if there was a motion for adjournment.

Vice Chairman motioned to adjourn the meeting, seconded by Treasurer Taisacan; all commissioners voted in favor of the motion, motion carried. Commission meeting adjourned at 11:41 a.m.