

CANNABIS CONTROL BOARD

Regular Meeting #13 | February 04, 2020 | 1:30pm

Small Conference Room | Ricardo J. Bordallo Governor's Complex, Hagåtña

- I. Call to Order
 - II. Roll Call of Members/Quorum
 - III. Secretary's Report:
 - a. January 21, 2020 Regular Meeting #12 Minutes
 - IV. Old Business
 - a. Review and discuss DRAFT Rules and Regulations Sections
 - V. Open Forum - *Five (5) minutes per attendee/topic
 - VI. Adjournment
-

Cannabis Control Board
Meeting Minutes
January 21, 2020

Opening

Chairperson Williams called the regular board meeting of the Cannabis Control Board to order at 1:35 p.m. on January 14, 2020.

Location: Small Conference Room, Ricardo J. Bordallo Governor's Complex, Hagatña.

Attendees Present:

Vanessa Williams (*Appointee-Representing the general public*)
Daphne Shimizu (DRT)
William Parkinson (*Appointee- Medical cannabis card holder*)
Sydney Leon Guerrero (GVB Designee)
Linda U. DeNorcey (DPHSS)
Adrian Cruz (DOAG)
Carissa Pangelinan (GBHWC)
Ursula Herrera (*Appointee-representing the Business community*)

Apologies:

Stephen Ignacio (GPD)

Approval of Minutes

- The minutes of the January 14, 2020 meeting were unanimously approved as distributed, subject to corrections:
 - *Vice Chair Shimizu makes a motion to approve the January 14, 2020 minutes subject to corrections: Page 2, duplication- remove the entire second line of Director Parkinson's 2nd comment. Director Parkinson seconds the motion.*

Old Business

- Review and discuss DRAFT Rules and Regulations Sections (November 2019 edition)
§10000 Application Process for a Cannabis Establishment License, pg7. *Note: **§10000** is a placeholder.
 - b.4. Strike 'approval or denial'; add 'completed' to application. To read: Submit the completed application within 30 calendar days of receipt. Under the subsection add 'within the 30 day review, notify the applicant that their application is incomplete' (indicate what parts are incomplete, so they may have the same time to review.)
 - **§10000** c. Language needs to be consistent, identical to language in **§11203**.
 - **§10000** d. Revise and place under subsection (b.) Revision to include: At the department level, it either goes to the board if it's incomplete with a recommendation and report or the department notifies the applicant that their application is incomplete. Identify the incomplete portions that are deficient.
 - **§10000** e. – g. Distinguish between what is deniable. If it is 'Incomplete', provide notice that it's incomplete. Department will verify deadline.

- Rewrite (g.) to read: The Board shall provide the responsible official with a written notification within seven (7) business days of *denial* and specify the reason for *denial*.
- Strike (e.)
- **§10000** h. Rewrite to read: The responsible official, whose application was *denied*, can file an appeal with the Board within ten (10) business days; follow administrative adjudication guidelines or regulations for their agency and board.
- **§10000** i. Rewrite to read: The cannabis establishment, whom the responsible official was representing and whose application was *denied*, shall not reapply for up to (6) months from the date of the rejection unless otherwise authorized by the board. Vice Chair Shimizu recommends having an open communication with the medicinal board.

§10000 Applying for a Cannabis Establishment License

*Note: **§10000** is a placeholder.

- a. Name and card ID number
- b. Reword. The applicant shall provide a copy of their business license and verification of ownership.
 - b.3. Type of business organization; Sole proprietor, Corporation, Partnership, LLC.
- c. 1. Board will confer with the AG's office to get an opinion on whether it is permissible to include citizen-based restrictions.
- d. 2. Affirmation- Vice Chair Shimizu will invite Dept. of Land Management (DLM) to attend CCB meetings.
- d.3. + d.4. Request information from DLM regarding clearance signature to include in form.
- d.3. Proof that the applicant has legal title or a *lease agreement*.

ii. Cannabis Establishment/Testing Facility SOP- *Lab placeholder

- iii. Defer to the agencies; identify the agencies that need clearances.
- lii. 1. -7. Strike
- (h.) Strike
- (i.) Declaration that the proposed licensed cannabis establishment will not knowingly employ or contract a person who is under the age of twenty-one (21).

§10000 Issuance of a Cannabis Establishment License

- (a.) Strike

§11212 Permit to Operate a Cannabis Establishment pg. 10

- (a.1. A.) Room for consolidation; refer to the registration of responsible official ID card and the license.
- (a.1. B+C) Combine; a certification by the responsible official that the information provided is true and correct.
- (a.2.) Strike
- (a.3.) DRT will streamline

- (a.4.) DRT will consult with GFD
- (a.5.) Change 'medical cannabis business' to 'cannabis establishment'
- (a.6.) Strike
- (b.) Add to the second sentence, 'The Department will inspect *the following*, but not limited to...'
- (b.4.) Electronic data management system that can interface or is interoperable with Government of Guam's seed-to-sale system.
- (c.) Change to (5) business days

Open Forum/Announcements

Cole Miller: I'm wondering, the sensitive locations are just schools?

Chairperson Williams: We have not adopted the rules and regulations yet, but I think we've discussed that there are locations that are within the law, and then there are also zoning locations that we need to determine are going to be compatible. So it wouldn't be just schools, but zones designated by Land Management. There's going to be more than just schools that restrict the geographical location of the establishment.

Andrea Pellacani: I have a question I was trying to follow along and it's a little bit difficult. And it gets a little bit confusing, we obviously can't look at the draft and I completely understand. However, it appeared to me that you took out the entire meat of the application, which is the cannabis business plans, which would include temperature controls, humidity controls, that's the entire plan of a cannabis business. So if you're taking that out, what exactly are cannabis businesses applying for? Under licensure other than who is in your business? I mean, I'm just asking an honest question and the reason why I'm familiar is because that's in the medical law. And so based on the sections right, and I didn't hear the whole thing because I can't repeat it to you if it's the same language. That was how the rules and regulations were developed. Temperature controls, humidity. And so if you scrap that from the application, what exactly are people applying for?

Adrian Cruz: GFD came to give us a presentation and in their rules and regulations, their fire code, it addresses issues of cannabis businesses and so they already have those kinds of requirements if they're going to sign off on the permits.

Andrea Pellacani: Right, but I'm not talking fire code. I'm talking more specific to cannabis quality control and consumer protection, things that are in place specific to cannabis, and you took out the entire section.

Adrian Cruz: We just don't want to duplicate things.

Chairperson Williams: So there's two parts. Again, we have not adopted the rules so this isn't final. I think the section that you're referring to where we said we are going to defer to the appropriate agencies, that refers to the clearances for the licensing portion and not the permit to operate. Now, the application for a permit to operate is subsequent to receiving their license. And in the permit to operate, we did leave placeholders for the plans, their procedures and policies, and their plans of operation. And they are a little vague right now but that's why we're going to consult with the agencies to see what gaps we need to fill at the department level and what redundancies there might be, because we don't want to be inspecting for the same thing that they're going to be doing. If they're holding it to, maybe they have a different

standard, but we have not omitted the requirement that they provide a plan and policies and procedures for their permit to operate.

Andrea Pellacani: I guess I'm confused about what the licensing process that you are envisioning looks like. Because that would be actually a very different process from the medical program. The medical program, there is no clearance gateway for the licensing process because they are just technically plans. Right. And so and in the plans that you submit, you would cross check that off with what is required by law, for example, you know, what do you do with your wastewater? Is that an EPA issue, but EPA is not checking it is just to see if your plan is compliant with the law that you would be in compliance. And then when you are granted license based on plans, you would then apply for your permit when you have everything set up based on the plans and then the individual agencies would come in and put their stamp on it saying that you meet code. And then public health has to go in and do the final cannabis inspection? Because there are no cannabis rules like who manages the panic button for cannabis businesses. Nobody does. So I guess I'm confused about the licensing process and what you're envisioning, if the plans are not to be turned in at the license level. It sounds like people are essentially just applying for a business license. I guess what I'm saying and not to set up a cannabis business.

Chairperson Williams: We have to consider whether we want to require the plans, because I don't think there's any intent to omit their plan requirements and get rid of any oversight from the department. It's just about when are we going to be reviewing that, at the license level or the permit level? Either way, they're not going to be doing business. I mean, they're not going to be able to operate until those plans are reviewed. And they were received both the license and a permit.

Andrea Pellacani: Can you clarify, they're not allowed to operate or they're not allowed to transact?

Chairperson Williams: They're not allowed to transact.

Andrea Pellacani: But they could also be in possession of cannabis at the license level.

Chairperson Williams: Right. So that the concern is that, at what point do we review additional plans.

Monte Hanley: Just a quick suggestion. Would it be possible to do a workflow diagram once you're complete with it? So visually you can see... it's a little confusing trying to follow all the processes. I think maybe if you had a one-page workflow diagram, it might be easier to understand. Just a suggestion.

Cole Miller: California submitted some of those documents and it helped a lot with the business applicants, no clear cut projections or graphs or models based on what rules you've implemented, regulations. I have one more. Distribution. I've experienced so many times in California. The cultivator goes to the retail, doesn't transport the product properly, is robbed along the way. The product comes to retailer not properly transported or stored during transportation. But mostly its security. It's sketchy when you are cultivator and you're selling to a retailer and you put it in the back of your Honda, that's a red flag right there.

Andrea Pellacani: I just want to also add that we were discussing on the medical board because the medical law doesn't have a distribution point. And I know when we brought Nick in, he recommended that there's a gap in our process, which is distribution point. So technically, we have very few actual manufacturers here on Guam. Most of the wholesalers, you know are

distributors, so they're picking up from, you know, Hawaiian Host or whatever. Hawaiian Host is a manufacturer but we import most of that. When it lands here in a warehouse, that's the actual distribution point. And that's right now currently in both laws, one of the chains is lacking or missing. So, I mean, I don't know, I think it's an important point, and it's going to be on the medical agenda, because it's something that needs to be addressed. And I don't know if that's something you guys want to discuss as well.

Vice Chair Shimizu: We still have yet to discuss it.

John Savares: But it ties in because we're talking about the business aspect. So if we're looking at...we have dispensaries, cultivation, so forth, so on. Adding in a... basically, the way I was looking... at Colorado last night because this has been something that since Nick mentioned it, that I've been really looking at Colorado, Washington, stuff like that. Colorado uses a... they pick it up, they transport it. That's their distribution model, or the model between that creates that kind of transportation mechanism. And there's other models that are... Washington has a model that separates as well as Oregon, you know, so forth. So on. California, I believe has another model. I think that California mimics another, there's a couple states that mimic the same model. So can we please, that's something, like Andrea said that we're looking at it on the medical side.

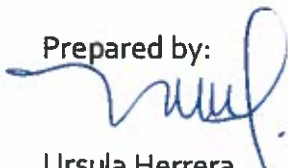
Andrea Pellaçani: I think the issue is we're not sure yet. And maybe it's just because we're not privy to maybe this subcommittee discussion. We're not sure exactly what our model looks like. I mean, we're down to the nitty gritty of micro regulations, like how applications are going to be processed, but I don't think I'm quite clear yet...what the industry is going to look like because we still have that issue about you know, if businesses are going to be allowed to be vertically integrated or own one... that matters when we're talking about distribution, or that matters when we're talking about what size canopy, you know, you're going to be allowing on your lease, on your applications. So if you're only allowing one license, then you know, maybe you could increase the size. The whole point is to mitigate monopoly right? And to be able to create a robust, I don't know that I'm getting a sense of what that's going to look like, at least at this point. So, I mean, I think it'll help at least us understand what maybe the board is envisioning for what the industry will look like.

Vice Chair Shimizu: We can get more info from the medicinal board.

Adjournment

The Cannabis Control Board meeting was adjourned at 3:45 p.m.

Prepared by:



Ursula Herrera
Secretary

Noted by:



Vanessa Williams
Chairperson