

Guam Department of Revenue and Taxation
Cannabis Control Board Meeting
Meeting Date: Thursday, May 19, 2022 | Time: 1:30 p.m.
Zoom Video Conference: <https://us02web.zoom.us/j/83909665345>

BOARD MEMBERS	POSITION TITLE	SIGNATURE
Vanessa Williams	Chairwoman	ZOOM
Nico Fujikawa	Member – Guam Visitors Bureau	ZOOM
Will Parkinson	Member	ZOOM
Dafne Shimizu	Vice Chairwoman – Director, DRT	ZOOM
Ursula Herrera	Secretary	ZOOM
Cid Mostales	Member – DPHSS Designee	ZOOM
Chelsa Muna-Brecht	Member – Director, DOAG	ZOOM

This is to certify that the above information is true and correct:



Board Secretary

05/19/2022

Cannabis Control Board

Regular Meeting #38 | May 19, 2022 | 1:30 p.m.

Zoom Video Conference: <https://us02web.zoom.us/j/83909665345>

Agenda

- I. Call to Order
 - II. Roll Call of Members/Quorum
 - III. Secretary's Report
 - A. Meeting Minutes
 - IV. Old Business
 - A. Seed to Sale System Implementation
 - B. Cannabis Banking Related Issues
 - C. Proposed Application Forms for Cannabis Establishments
 - V. New Business
 - A. Testimony before Legislature Committee on Economic Development on CCB Proposed Rules and Regulations
 - B. Public Comment
 - VI. Next CC Board Meeting
 - VII. Open Forum/Public Comment
 - VIII. Adjournment
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Cannabis Control Board

Meeting Minutes

May 19, 2022

Opening

Chairperson Williams called the regular meeting of the Cannabis Control Board to order at 1:36 p.m. on May 19, 2022.

Location: Zoom Video Conference

Meeting link: <https://uc02web.zoom.us/j/81789695642>

Attendees Present:

Vanessa Williams (*Appointee*), Chair

Dafne Shimizu (DRT), Vice-Chair

Ursula Herrera (*Appointee*), Secretary

Nico Fujikawa (GVB)

Cid Mostales (DPHSS)

William Parkinson (*Appointee*)

Chelsa Muña-Brecht (DOAG)

John C. Borja (DOAG)

Apologies:

Theresa Arriola (GBHWC)

Stephen Ignacio (GPD)

Quorum present? Yes

III. Secretary's Report

A. Meeting Minutes

Vice-Chair Shimizu made a motion to accept the minutes of the April 18, 2022 (CCB 37) meeting. Member Mostales seconded the motion. Motion carried unanimously.

Chairperson Williams advised that the topic of cost sharing for the seed-to-sale system will be added to the agenda for the next meeting.

IV. Old Business

A. Seed to Sale System Implementation

Mr. Mostales reported that the system has been purchased and that DPHSS was waiting for the Rules and Regulations to pass to start the fit-gap analysis. He confirmed that the system can be customized based on the approved Rules and Regulations.

B. Cannabis Banking Related Issues

Ms. Muña advised that she and Secretary Herrera attended a meeting recently with some Commission members to discuss the use of third-party payment apps. She reported that no decision was made at that meeting as Commission members still wanted to learn more about state-sanctioned cannabis businesses from other banking industries nationally.

Chairperson Williams reiterated the Board's immediate concern of whether the Treasurer of Guam could accept applications and license fees from cannabis business.

Vice-Chair Shimizu committed to meeting with the Banking Commissioner again and following up with the Department of Administration for updates.

C. Proposed Application Forms for Cannabis Establishments

There were no updates provided.

V. New Business

A. Testimony before Legislature Committee on Economic Development on CCB Proposed Rules and Regulations

Chairperson reported that she attended the testimony with the Legislature Committee on behalf of the Board to answer questions but did not submit a formal public testimony. She shared the Legislature's concerns with the Board, such as:

- How the Board sets fees, including the rationale for not reducing fees for retail stores when fees were reduced for licensed cannabis establishments.
 - Chairperson Williams highlighted in her response to the Legislature Committee that this reflected the feedback received from public comments and testimonies.
- Enforcement of the Rules and Regulations, including on-site enforcement, hiring on inspectors, use of existing human resources, etc.
 - Chairperson Williams advised that she explained the Board's structure and the reliance on DRT for funding and human resources to the Legislature Committee.

From the public testimony, she advised that there was overwhelming concern and/or disagreement with the stringent cultivation standards in the Regulations. It was suggested that the Board discuss and explore alternatives to address these concerns following legislative decision on the Rules and Regulations. Chairperson Williams advised that Legislature has about 10 more days to adopt, reject, or amend the Rules.

It was also noted that following approval of the Rules and Regulations, the Board will continue to have the authority to promulgate, amend, update, or replace rules.

Mr. Mostales reported he was also in attendance at the testimony representing DPHSS and that prior to the testimony, DPHSS engaged a consultant to review the section of the Rules and Regulations related to public health. The outcome of review resulted in some revisions that DPHSS would like to make to Article 7. Mr. Mostales committed to circulating a copy of the revisions to Article 7 that were presented to the Legislature Committee by email.

Vice-Chair Shimizu provided background information regarding the consultant, Cannabis Public Policy Consulting, and the work done by DPHSS's consultant. She further added DPHSS reached out to DRT to share the information and recommendations from the consultant, including how various jurisdictions implemented adult use cannabis and challenges other jurisdictions experienced. Vice-Chair Shimizu further noted that DRT was in discussions with DPHSS to hire or share the cost of the consultant as the consultant's contract is currently with DPHSS.

The Board discussed the current cultivation standards and the impact of mandating the use of natural versus synthetic fertilizers and pesticides on the island and on farmers. DOAG reiterated the importance of balancing and encouraging innovation in the newly emerging cannabis industry while protecting and managing Guam's natural resources, soil sustainability and community. The unknown negative impact of synthetic fertilizers and pesticides on the environment and on users were cited as reasons for why the cultivation standards should not be amended. It was argued that the current Rules may also stifle this new industry and that no other jurisdictions currently mandate the use of non-synthetic fertilizers and pesticides.

It was also discussed whether synthetic would be acceptable for indoor growers/cultivators, including making a distinction between indoor and outdoor cultivators.

Chairperson Williams explained again that regardless of the final outcome of the Legislature on the Rules and Regulation, the Board would still have the authority to review and revise its Rules and Regulations in the future at any time pursuant to the established process of holding public hearings and making submissions to the Attorney General's office before submitting to Legislature. She advised that the Board also has an obligation to compile and annually report on data from the industry.

The Board briefly discussed possible inter-agency human resources support to monitor compliance with and enforce the Rules and Regulations.

It was raised by Member Parkinson that the Board had previously agreed to remove butane as an allowable component in manufacturing but that it may not have been removed in the Rules and Regulations. The Compliance team was asked to review the applicable section to confirm the appropriate adjustments were made.

Member Parkinson made a motion to transmit a letter to the Legislature stating the Board intention to amend the nutrient guidelines to allow synthetic nutrients; however, if the Legislature intends to make those amendments, the Board would support them. There was no seconder for this motion.

The Board agreed to table the discussion of Board-driven amendments to a future Board meeting until after the Legislature makes a decision on the Rules and Regulations.

Member Fujikawa made a motion to include the following categories as discussed and raised in the public hearing to the agenda of a future Board meeting: vertical integration, use of synthetic fertilizers, fee schedule, edibles, and limitations on potency. Member Fujikawa accepted Member Parkinson's amendment to the motion to include butane as an allowable component in manufacturing. Member Fujikawa also accepted Member Mostales' amendment to include the changes being considered by DPHSS. Member Parkinson seconded the motion as amended. Motion carried unanimously.

B. Public Cannabis Events

This item was not discussed.

VII. Open Forum/Public Comment

Mr. Joshua Camacho, Owner of 671 Grow Supply

Mr. Camacho provided the following comments with respect to the topic of nutrients:

- There are a lot of producers in the US that use organic amendments in their soils, but these amendments may not always give the plant the nutrients it needs. There are a lot of companies that make cannabis and hemp-derived nutrients, and they should not be excluded from the market as they are used at large companies such as Jungle Boys, Cookies, Preferred Gardens, Cannabis Gardens, etc.
- The organic certification is a federal certification. At the federal level, cannabis is currently not legal, so the strict requirements that cultivators must follow does not seem right, especially when there is an industry that is thriving.
- The Board was presented with a mitigation strategy of reverse osmosis for nutrient run-off and chemicals leaking into the soil, which could be installed on any style of farm, indoor or outdoor.

Mr. John Savares

Mr. Savares acknowledged and agreed with the environmental issues with respect to outdoor cultivation and the rules the Board had put in place; however, he supported Mr. Camacho's comment to put in place a mitigation strategy for nutrient run-off and further added that the Rules and Regulations should stipulate different techniques be used for different environments, such as indoor and outdoor.

He further advised that section 9401 of the proposed Rules and Regulations on the medicinal program may not be within the Board's purview.

It was confirmed that DPHSS's consultant was the same consultant the medical cannabis program is using and is paid out from the MCB budget.

Mr. Savares thanked the Board for listening to the public testimony and for its work on the Rules and Regulations.

VI. Next CCB Meeting

The Board agreed to schedule its next meeting on Monday, June 6, 2022 at 1:30 p.m.

VII. Adjournment

Member Parkinson made a motion to adjourn the meeting. Member Herrera seconded the motion. Motion carried unanimously.

The Cannabis Control Board meeting was adjourned at 2:58 p.m. on May 19, 2022.

Prepared by:



Ursula Herrera

Secretary

Noted by:



Vanessa Williams

Chairperson