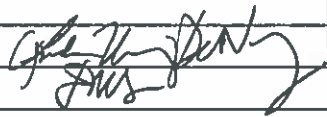









Guam Department of Revenue and Taxation  
 Cannabis Control Board Regular Meeting  
 Large Conference Room | Ricardo J. Bordallo Governor's Complex, Hagatna  
 Meeting Date: August 19, 2019 | Time: 1:30pm  
 September 19,

	Board Members	Position Title	Signature
1	Chelsa Muna-Brecht	Director, Department of Agriculture	
2	Linda U. DeNorcey	Director, Department of Public Health & Social Services	
3	Dafne Mansapit-Shimizu	Director, Department of Revenue & Taxation (Vice Chairperson)	
4	Theresa Arriola	Director, Guam Behavioral Health & Wellness Center	
5	Chief Stephen Ignacio	Guam Police Department	
6	Nico Fujikawa	Director of Tourism Research, GVB	
7	Ursula Herrera	Board Secretary	
8	Atty. Vanessa Lee Williams	Board Chairperson	
9	William M. Parkinson	Member	
10	Adriana Cruz	Adelap	
11			
12			
13			
14			
15			

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



Board Secretary

9/10/2019

Cannabis Control Board  
Meeting Minutes  
September 10, 2019

### Opening

Chairperson Williams called the regular board meeting of the Cannabis Control Board to order at 1:45 p.m. on September 10, 2019.

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

### Attendees Present:

Vanessa Williams (*Appointee-Representing the general public*)  
Dafne Shimizu (DRT)  
Linda U. DeNorcey (DPHSS)  
William Parkinson (*Appointee-Medical cannabis card holder*)  
Stephen Ignacio (GPD)  
Ursula Herrera (*Appointee-representing the business community*)  
Adrian Cruz (Gov. Office)

### Apologies:

Chelsa Muña-Brecht (DofAg.)  
Nico A.C. Fujikawa (GVB)  
Theresa Arriola (GBHWC)

### Approval of Minutes

- The minutes of July 9, 2019 and August 13, 2019 meeting were unanimously approved as distributed.

### Old Business

- Public Awareness Committee
  - FAQ Revisions (Appendix A) provided by Mr. Parkinson, following a letter of concern submitted by Ms. Andrea Pellacani:
    - Question 1. Remains the same.
    - Question 2. Change to: '1oz. (28grams) or less of dried flower; 8 grams or less of cannabis concentrate; cannabis infused products containing 800mg or less of THC.'
    - Question 3. Remains the same.
    - Question 4. Add: 'as of September 10, 2019.'
    - Question 5. Change to: 'consume', include §8102n as reference.
    - Question 6 + 7. Remains the same.
    - Question 8. Reflects the prior revision, see Appendix A.

- Question 9. Reflects the prior revision, see Appendix A.
- Question 10. Add: Add direct link to enabling act and GCA. Add also, HR officer.
- Include the citations of the law to the FAQs for reference.
- Include a disclaimer stating that if the FAQ's conflict with the law, the law supersedes.
  - *Director Parkinson makes a motion to approve the revisions made to the 10 Things to Know About Adult Use Cannabis FAQ's. Director DeNorcey seconded the motion. Motion carried.*

## New Business/Committee Reports

- Seed-to-Sale Demonstration by Bryon Cepeda
  - Director DeNorcey:
    - The goals are to get a tracking system that is applicable to both medicinal and recreational cannabis on the government side, also to have the system interface with the government's system.
    - 744 | DHSS is working with local agency, DRT to create the RFP and using their feedback to improve operability.
    - This Seed-to-Sale presentation does not favor any vendor. All are invited to present. She further clarifies that price is never to be asked nor offered.
    - This presentation is strictly an overview, however once the RFP is completed it will include specific requirements. There will be a technical proposal and a cost proposal.
    - HPPA will be maintained regarding data received from Medicinal cannabis.

### Discussion:

- Mr. Parkinson: Does the software integrate with banking?
  - Mr. Cepeda: The bank would use banking compliant software, which would utilize 'Track & Trace' to stay compliant with the Bank Secrecy Act as well as the Anti-Money Laundering Act.
- Mr. Parkinson: Please explain how a cashless system would work?
  - Mr. Cepeda: Due to high crime rate, Canada and Rhode Island are working to demonetize the dispensaries.

Dispensaries retail locations may hold up to \$1million in the vault. A closed loop payment system in conjunction with a bank would allow a digitized form of currency to be applied at the point of sale system. Any cash bought in by a customer would be transformed via ATM, thus digitizing the transaction. It would operate like Venmo or PayPal. The money would be put on the card to be used in the retail dispensary. He also adds that the information on the seed-to-sale software would be backed up on the HPPA certified cloud to protect against breaching.

- o Mr. Parkinson discusses the need for a contingency plan that is 'disaster proof' as Guam is disaster prone. He has identified manual documentation requirements that businesses would need to maintain, to have on hand in the event of an audit:
  - Cultivator:
    - Form 1. Seeds, Seedlings- tagged and date when planted/harvested/destroyed. Products used, how much was yielded from plant.
    - Form 2. Seed tracking- track seedlings/seeds gone into each 5lb. lot for lab testing.
    - Form 3. Sales Invoices- sales invoices of each 5lb. lot sold to manufacturers, dispensaries and unused seedlings.
  - Manufacturer:
    - Form 1. Purchase orders from cultivators.
    - Form 2. Product manufacturer information via lot.
    - Form 3. Sale Invoices to dispensaries.
  - Dispensary:
    - Form 1. Purchase orders from cultivators and manufacturers.
    - Form 2. Monthly inventory log.
    - Form 3. Sales invoices from customers age 21 and over.

Discussion: Form requirements could be added to the seed-to-sale RFP's. A downloadable form could also be available online.

\*Forms will be kept for 5 years.

- September 9, 2019 Letter from Speaker Muña Barnes
  - Letter from Colorado State auditor, Dianne E. Ray (See Appendix B).
  - The audit report will be released on September 18, 2019. It will provide helpful information as to how Colorado is monitoring the industry and ensuring the State collects all the taxes due.
    - Chairperson Williams will be following up on the results of the audit as the CCB develops its regulations. She will disseminate the results to the CCB and Medicinal board.

### Committee Reports

- Rules and Regulations
  - Vice Chair Shimizu reports:
    - With the help of the AG's office, they have been meeting with the Colorado and Washington enforcement group. They will soon be meeting with Oregon enforcement group as well. Topics discussed: labeling and packaging, taxation and banking, seed-to-sale software. They are learning from the experiences of smaller jurisdictions.
    - Vape and local manufacturing of vape- Working to address.
    - Fees and licensing update: A draft will be available soon.
    - Residency requirement- Changes will be tracked to mirror the medicinal board.
    - Issuance license and renewal rules and regulations draft will be ready by the next CCB monthly board meeting.
    - Security, transportation and storage component is being worked on together with GPD.
    - They need assistance from the AG's office to draft the civil penalties section.
- *PL35-5, pg. 18- Cannabis Fund: Chairperson Williams will draft a letter to Senator Ridgell to clarify the allocation of funds. Letter will be reviewed and approved at the next CCB monthly meeting.*
- Lab Exploratory
  - Adrian Cruz reports:
    - Medical Cannabis board discussions reveal that there are already rules in place for a lab. Licenses are available; it is a matter of a company applying for one. He adds that the

committee is redundant, as we have already agreed to adopt medical's rules. He suggests that an Agricultural Rules & Cultivation subcommittee replace Lab Exploratory.

- Economic
  - Mr. Parkinson reports his EIS research:
    - In a 2,500 square ft. facility
      - 120-180 lbs./harvest, 720-1,080 lbs./year  
Estimated GROSS at \$300/oz. = \$3.45- \$5.18 Million
    - In a 5,000 square ft. facility
      - 240-360 lbs./harvest, 1,440- 2,160 lbs./year  
Estimated GROSS at \$300/oz. = \$6.9- \$10.3 Million
    - In a 10,000 square ft. facility
      - 480 lbs.-720 lbs./harvest, 2,880- 4,320 lbs./year  
Estimated GROSS at \$300/oz. = \$13.82- \$20.73 Million
    - For comparison, Thurston County, WA is highlighted. Similar population size and median income to Guam. They have 28 retailers and 88 producers/processors. Because they can transport to other counties, not all the cannabis stays in the county. To make it Guam centric, the numbers are cut in half: 14 retailers, 44 producers/processors. The estimated industry yield is 61,596-92,394 lbs./year of flower. Estimated retail sale at \$500/oz. is \$492-\$739 Million/year. He adds that the average lab can handle 72,000lbs of testing per year, running at maximum efficiency.
    - Micro-Cannabis businesses would allow small businesses to take part in the industry. Cultivation would be up to/no more than 500 sq. ft. with a 20 light operation, 150 lbs. of cannabis/year. Grossing \$45K/year at \$300/oz.

### Open Discussions/Announcements

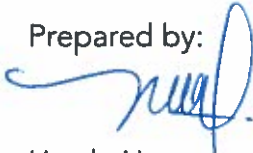
- Andrea Pellacani from Grassroots Guam thanks the board for taking their concerns into consideration. They have testified of the black market value of cannabis, which is estimated at over \$100 Million. Tax issue is a serious issue. They must be cautious when they discuss the market value versus net value. Tax liabilities, excise taxes and deductions should be taken seriously.

- Chairperson Williams asks the board to send their designees if they are unable to attend the meeting. She also asks that the draft rules be ready for review by the next CCB meeting.
- The next CCB regular board meeting will be held on October 8, 2019 at 1:30 p.m.

### Adjournment

The Cannabis Control Board meeting was adjourned at 3:44 p.m.

Prepared by:



Ursula Herrera  
Secretary

Noted by:



Vanessa Williams  
Chairperson

## CANNABIS CONTROL BOARD

Regular Meeting | September 10, 2019 | 1:30pm

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

- I. Call to Order
- II. Roll Call of Members/Quorum
- III. Secretary's Report/July & August Regular Meeting Minutes
- IV. Old Business
  - a. Public Awareness Committee - FAQ Revisions
- V. New Business
  - a. Seed to Sale Demonstration
  - b. September 9, 2019 Letter from Speaker Muña Barnes
  - c. Rules and Regulations Committee
  - d. Lab Exploratory Committee
  - e. Economic Committee
- VI. Open Forum
- VII. Adjournment