

# Nevada Cannabis Compliance Board

## Meeting Minutes August 24, 2021

The Nevada Cannabis Compliance Board (CCB) held a public meeting at 555 East Washington Ave, Room 2450, Las Vegas, Nevada on August 24, 2021, beginning at 9:00 a.m.

### **Cannabis Compliance Board Members Present:**

**Michael Douglas, Chair**  
**Dennis Neilander**  
**Riana Durrett**  
**Jerrie Merritt**  
**Bryan Young**

**Tyler Klimas, Executive Director, called the meeting to order and took roll.** Chairman Michael Douglas, Member Durrett, and Member Merritt were present in Las Vegas. Member Dennis Neilander and Member Young were present via video connection. Deputy Attorney General Asheesh Bhalla confirmed that the meeting complied with open meeting law requirements.

### **I. Public Comment**

Director Klimas stated all public comment received via email would be posted online. There was no in person public comment.

### **II. Meeting Minutes**

**A. Consideration for approval of the June 27, 2021, Cannabis Compliance Board Meeting minutes.**

**B. Consideration for approval of the July 29, 2021, Cannabis Compliance Board Emergency Meeting minutes.**

Chair Douglas asked for a motion on agenda item II A and B. Member Durrett made a motion to approve. Member Merritt seconded. All Members said aye. Motion carried.

### **III. Consent Agenda**

#### **A. Complaints**

Director Klimas stated that there are two complaints that the Attorney General's office has reviewed and recommends serving. With the passage of SB49, section 1.3 was amended to allow the Executive Director to serve the complaint, but the Board must still grant approval to proceed with disciplinary action. The complaints will be served within a reasonable time and will be posted online.

As to Respondent A, the complaint alleged violations of NCCR 4, NCCR 6, NCCR 9, and NCCR 10.

As to Respondent B, the complaint alleged violations of NCCR 4 and NCCR 6.

Member Neilander made a motion for approval of Agenda Item III A (1) and (2). Member Merritt seconded. All Members said aye. Motion carried.

### **IV. Request for Transfer of Interest**

#### **A. EMK HYDROGARDEN, LLC (TOI 18024)**

Chief of Investigations David Staley presented the TOI application for EMK HYDROGARDEN, LLC. TOI 18024 requested approval for existing owners Michael Bzdak, Elad Bicer, Katarzyna Bzdak Perdue to sell a portion of their shares to new shareholders Jackie Bicer, Jeffrey Malinovitz, Steve Erickson and Carlos Hernandez. The new members will be passive investors. EMK has requested waivers pursuant to NCCR 5.112 and 5.125 of the requirements of NCCR 5.110. EMK has adequately addressed the items required to allow the Board to approve the waivers. Staff suggest that if approved, the waivers be set to expire on such agenda date as EMK's next TOI application is heard. Staff identified no areas of concern.

Alexandra Palmer and Michael Bzdak were available for questions. Ms. Palmer stated the TOI was requested to bring in passive investors to raise capital to fund ongoing operations and capital improvements.

Member Neilander stated it appeared to be a member-to-member transfer and no additional equity coming, being distributed out of the company. Mr. Bzdak confirmed that was correct. Member Neilander commented that the company had done well and asked what the planned use of the capital was. Mr. Bzdak responded it would be for equipment improvements and day to day operations.

Member Durrett asked for Ms. Palmer's role at the company and if there was an attorney. Ms. Palmer responded that she was the AGM and the attorney was not able to appear and requested an excuse.

Member Neilander made a motion to approve this transfer of interest agenda item with the condition that the waivers expire on such agenda date as the company's next TOI application is heard. Member Durrett seconded. All Members said aye. Motion carried.

Chief Staley provided an update on the TOI applications affected by the extended review period. In October of 2019, the Department of Taxation Marijuana Enforcement Division announced that it would not process any new or existing transfer of interest applications until it could complete a more thorough and appropriate vetting process. In July 2020, the extended review period was lifted and the CCB began processing TOI applications. As of July 21, 2020, there were approximately 92 to 100 outstanding, distinct pending transfer of interest requests. In addition, approximately 60 new applications were filed in 2020 and 2021. Investigation agents have completed or started processing every TOI application from the extended review period. Chief Staley thanked the agents for their work. Staff have completed 54 transfers of interest representing over 100 separate and distinct TOI applications which have been submitted to the Board for action since August. Staff is processing the balance of the TOIs and working on processing the new applications.

Chair Douglas thanked the Investigations unit for their diligence and thoroughness on the investigations. It is also appreciated by the public for the State of Nevada because it is very important to know who is involved in the cannabis industry.

## **V. Approvals and Resolutions**

**A. Notice of Final Licensure.** Chief of Administration Steve Gilbert presented notice to the Board of establishments that have been issued their final license.

**1. Euphoria Wellness, LLC (T027)** Euphoria Wellness, LLC was issued a conditional license on August 25, 2017, for an adult-use distributor facility in the City of Las Vegas. On July 9, 2019, a pre-opening inspection and audit was conducted and revealed no deficiencies. On July 30, 2021, a follow up pre-opening inspection was conducted and revealed no deficiencies. A final license was issued on August 4, 2021.

**2. Pure Growers, LLC (C200, RC200, P137, RP137)** Pure Growers, LLC was issued a conditional medical cultivation and production license on August 31, 2018, to be located in Battle Mountain in Lander County. On February 2, 2021, a pre-opening inspection and audit was conducted and revealed no deficiencies. The final licenses were issued on July 22, 2021.

## **VI. Briefing to the Board Regarding the January 19, 2021, Workshop – NCCR 12.065**

Member Young provided an update on NCCR 12.065. Member Young stated that after reviewing the information from the workshop and subsequent materials, listening to members from the industry regarding remediation of cannabis, and consumers, he would recommend amending Regulation 12.065. Everybody wants transparency and to keep the consumer informed. The regulation needs to continue to focus on remediation, address all forms of remediation, and include appropriate labeling for consumer information. The proposed changes will meet these needs. The proposed language will be posted online for review.

Chair Douglas asked if there was anything that stood out. Member Young responded that the most important thing was the remediation process is safe to the product, is safe to those working in remediation, and reduces contamination. It may be debatable on if it changes the product.

Director Klimas added that the proposed language would be posted online with a 30-day notice of adoption and heard at the next Board meeting. Chair Douglas reminded the public to send in written comments if there are concerns.

**VII. Consideration of Suspended Enforcement of NCCR 13.025(5) due to COVID-19.**

Deputy Director Miles stated Blackbird Logistics submitted a petition requesting a change to the two-driver rule. The Board approved an amendment to NCCR 13.025(5) at the July Board meeting to change the circumstances in which two drivers are required to distribute cannabis. In conjunction with the petition, the Board had granted emergency relief due to COVID-19 for the two-driver rule and waived the requirement for a limited time. Due to a surge in COVID cases, Blackbird requested an additional extension of the enforcement of the regulation.

Jennifer Gallerani appeared via Zoom to address the Board. Ms. Gallerani stated they have had 13 positive COVID cases over the past six weeks, and eight of those cases were in the Las Vegas warehouse. Ms. Gallerani requested the extension as the Delta variant was very present.

Chair Douglas asked what policies were implemented. Ms. Gallerani replied that there was mandatory testing each week for every non-vaccinated employee and cash bonuses were given to vaccinated staff. Mandatory vaccines were not implemented for current employees, but new hires were required to be fully vaccinated. Masks are required at all times for every employee. Vaccinated and unvaccinated staff both tested positive. Ms. Gallerani requested the extension through the surge.

Member Young commented that the reality is COVID, along with infectious disease like the flu, will be a part of life, and how will that impact how we regulate. Ms. Gallerani agreed, but they are not able to operate with a positive COVID case the same way that they do with the flu. The employee must be pulled out for 2 weeks, not just stay home until they feel better.

Chair Douglas made a motion to extend the waiver until the next Board meeting. Member Durrett asked if there had been any materials from security or law enforcement discussing whether or not two drivers was safer than one. Ms. Gallerani responded that she submitted those previously and would resend. Member Durrett seconded the motion. All Members said aye. Motion carried.

**VIII. Cannabis Advisory Commission – Updates and Actions**

Executive Director Klimas reported the Cannabis Advisory Commission Subcommittees would hold meetings that week and the following week. Director Klimas stated there could be a CAC Meeting in October or November to vote to send recommendations to the Board. Director Klimas encouraged the public to participate in the meetings.

**IX. Briefing to the Board from the Executive Director**

Director Klimas reported that on August 18<sup>th</sup>, the Interim Finance Committee approved 23 new full-time positions to facilitate the implementation and regulation of consumption lounges. Those will be added over the next nine months. Director Klimas reported that the CCB has received 59 letters of intent for adult-use stores that have indicated they would like to proceed with applying and opening a consumption lounge. This information will allow the CCB to get some of the groundwork done on suitability checks. Revolving accounts may soon be opened up to all licensees. There will be a workshop planned regarding consumption lounges. The Attorney General's office and CCB staff are gathering information in regarding to NCCR 11.015 that was pulled at the last Board meeting. An update will be provided to the Board likely at the next Board meeting. The CCB received notice last week that the Court appointed a receiver over a cultivation facility, pending Board approval. This matter may come before the Board once it is ready.

Chair Douglas added that it was important to note the increase in staffing as the funding for the Cannabis Compliance Board comes from the money generated by the industry. The committee recognized the need for investment so the industry can grow.

Member Durrett asked when the upcoming workshop would be held. Director Klimas explained the process and thought that the CCB would have a workshop in October or November.

**X. Next Meeting Date**

The next meeting date will be September 28, 2021.

**XI. Items for Future Agendas**

Chair Douglas stated the Board Members may provide agenda items to the Executive Director.

**XII. Public Comment**

Crislove Igeleke, Deputy City Attorney for the City of Las Vegas, thanked the Board and CCB staff for all of the work that has been done so far. Ms. Igeleke and Attorney Jim Lewis offered support and assistance to the Board and the agency.

**XIII. Adjournment**

Member Durrett made a motion to adjourn. Meeting adjourned at 9:50 am.