

Nevada Cannabis Compliance Board

Meeting Minutes June 28, 2022

The Nevada Cannabis Compliance Board (CCB) held a public meeting at 555 East Washington Ave, Room 2450, Las Vegas, Nevada and 1919 College Parkway, Meeting Room 100, Carson City, Nevada beginning at 9:00 a.m. on June 28, 2022.

Cannabis Compliance Board Members Present:

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

Chair Douglas called the meeting to order, and Director Klimas took roll. Chair Michael Douglas and Member Merritt were present in Las Vegas. Member Young was present in Carson City. Member Merritt and Member Neilander were present via video connection.

I. Public Comment.

Will Adler spoke on behalf of the Sierra Cannabis Coalition and was in support of the consumption lounge regulations. Mr. Adler stated there were concerns with the lack of licensing and production in the state. Other economic concerns included the currently assessed fair market value assessment for wholesale taxes, fines levied by the Board are maxed out and not related to the severity, repetition, or intent of the crime, and time and effort bills are stacked up. Mr. Adler asked for a workshop or meeting to discuss the issues that are of concern to the industry.

Director Klimas added that written public comment received has been posted online and any additional written comments that come in will be posted online.

II. Meeting Minutes

A. Consideration for approval of the May 24, 2022, Cannabis Compliance Board Meeting minutes.

Chair Douglas asked for corrections or a motion from the Board. Member Neilander noted that he would abstain from voting as he was not present at the May 24 Board Meeting. Member Merritt made a motion to approve the minutes for agenda item II A. Member Young seconded the motion. Board Members said aye. Member Neilander abstained. Motion carried.

III. Consent Agenda

A. Complaints

Director Klimas stated that there were two complaints that the Attorney General's office had reviewed and recommended proceeding with disciplinary action.

1. As to Respondent A, the complaint alleged violations of NCCR 4, NCCR 5, and NCCR 6.
2. As to Respondent B, the complaint alleged violations of NCCR 4.

Chair Douglas noted that the complaints were presented blindly to the Board. Member Merritt made a motion to approve service of disciplinary action for Respondent A and Respondent B. Member Neilander seconded the motion. All Members said aye. Motion carried.

IV. Consideration the Proposed Settlement Agreements to Resolve Disciplinary Action

A. Cannabis Compliance Board vs. Helios NV, LLC (Case No. 2021-46)

Senior Deputy Attorney General Ashley Balducci presented agenda item IV A which concerned a proposed settlement agreement to resolve disciplinary action against Helios NV, LLC. Helios operates a medical and adult-use cultivation facility. The investigation carried over from the Department of Taxation Marijuana Enforcement Division (MED) and some of the alleged violations occurred when MED regulated the industry under Chapters 453A and 453D of the NRS and NAC. Some of the alleged violations occurred after the transition of regulatory oversight to

the CCB but prior to the adoption of the NCCR. All of the violations occurred when Hydrovize International, Inc. managed Helios. Since the filing and service of the complaint, Helios has been managed by a court appointed and CCB approved receiver, Larry Bertsch. In exchange for the CCB not seeking revocation of licenses, Helios admitted to one Category I violation, two Category II violation, three Category III violations, four Category IV violations, and six Category V violations. As discipline for the admitted violations, Helios agreed to accept a warning and pay a civil penalty in the amount of \$120,750. Helios may pay the civil penalty in a lump sum within 30 days or installments over a 6-month period. Helios agreed to submit a transfer of interest application to the CCB for its review and approval to remove Kiera Sears and West Plischke as owners within 30 days of CCB's approval of the stipulation and order. Ms. Sears and Mr. Plischke managed Helios through Hydrovize during the time in which the alleged violations occurred. Helios agreed to cooperate with CCB staff and counsel in investigations and disciplinary actions against individual agent card holders. A corrective action plan was implemented by Helios to prevent the reoccurrence of the violations. Once all terms of the stipulation and order have been performed, the CCB's administrative action against Helios will be closed. The Attorney General recommended and requested approval of the stipulation and order for settlement of disciplinary action against Helios.

Charles Gianelloni, counsel, and Larry Bertsch, Receiver, appeared on behalf of Helios. Mr. Gianelloni stated that they had worked on the matter for about ten months and felt that the settlement was something Helios could live with and allow it to survive. Mr. Bertsch came on in February and took large strides to get Helios where it is now; Helios was now compliant with all of its tax obligations. Mr. Bertsch added that he appreciated the cooperation of the staff with the CCB.

Member Neilander asked if the corrective action plan was in place. Ms. Georgina Miller with the Lightwater Group responded that she acts as Compliance Officer and management firm for Helios. Ms. Miller stated that the corrective action plan was in place and the plan of corrections would be issued to the CCB within the week. Forty-five SOPs have been updated, internal audits and quality controls.

Member Neilander made a motion to approve agenda item IV A. Member Merritt seconded the motion. All Members said aye. Motion carried.

B. Cannabis Compliance Board vs. Mesa Oils, LLC (Case No. 2022-77)

Senior Deputy Attorney General L. Kristopher Rath presented Case No. 2022-77. The matter arose from a transfer of interest investigation that was presented at the December 2021 meeting. The TOI investigation uncovered evidence indicating the requested transfer had already taken place effectively prior to CCB approval. The Board approved the TOI in December but referred the matter back to staff and the Attorney General for further review of the potentially unapproved TOI. The matter was further complicated in March when Mesa Oil reported that one of the new owners of Mesa Oils, RKA Investments LLC, had not reported its full membership in the submitted TOI application. There were two owners in RKA Investments who had not undergone a suitability investigation. After further negotiations, a settlement agreement was reached. Mesa Oils waived the filing and service of the complaint to resolve the two issues and agreed to accept two Category II violations, pay a \$63,000 civil penalty and submit a corrective TOI application to the CCB within 30 days of approval of the stipulation and order. The civil penalties take into account that the second issue was self-reported albeit late. The maximum penalties could have been \$100,000 and a 50-day suspension. A plan of correction was approved by CCB staff and included updating standard operating procedures to confirm that no proposed transfer of interest will be carried out in any way until there has been full CCB approval; Mesa Oils members will be required to cooperate fully with CCB staff and investigations and provide accurate and truthful statements during investigations. CCB staff and the Attorney General's office agree that the admitted violations, civil penalty, and corrective actions taken appropriately address the areas of concern. The Attorney General recommended and requested approval of the settlement agreement.

Derek Connor and Paul Schloss appeared on behalf of Mesa Oils. Harris Rittoff appeared via video conference. Mr. Connor thanked the Attorney General staff and added that the matter was self-reported as soon as they found out about it.

Chair Douglas noted that the standard operating procedures were updated to ensure that this would not happen again. Member Durrett asked for clarification on the timing of the self-reporting. Mr. Connor responded that a TOI request was submitted to add 50% new members to Mesa Oils and subsequent to the TOI approval, it was referred back to staff for review of a possible unapproved TOI. After a settlement agreement was reached, the company was made aware that a member of Mesa Oils, RKA Investments LLC, was a three-member LLC. When this was learned, it was reported to Mr. Rath within the day. Member Durrett asked Mr. Rath if that timeline was correct and added that she

was in favor of reduced fines for self-reported matters. Mr. Rath added that the TOI was approved in December and the self-reporting was in March 2022. Mr. Rath stated there was also the issue of whether the licensee checked through its application and did its due diligence to see whether all LLC members had been accounted for.

Chair Douglas stated the Board, and the agency were only as good as the information provided to them. Chair Douglas noted that management did not create the problem, but someone attempting to join their management created the problem. Chair Douglas noted Member Durrett's concern and commented that another option would be to exclude the party that wanted to join for their mistake. There was an inappropriate action to be dealt with but it's a shame to penalize a licensee who has done the right thing.

Member Neilander commented that he appreciated that the issue was self-reported and would like to see the industry more self-regulated. But in terms of due diligence, one needs to know if there is one or three members of an LLC that is trying to join the company. Member Neilander thought it was a fair settlement. Member Neilander asked what due diligence was in place. Mr. Connor responded that they were told by the manager of the entity that it was a sole member entity and they relied on those statements. As part of the TOI application, members sign under penalty of perjury stating that everything in the foregoing is accurate.

Member Merritt made a motion to approve item B. Member Young seconded the motion. Members Merritt, Neilander, Young and Douglas said aye. Member Durrett said nay for reasons previously stated. Motion carried.

C. Cannabis Compliance Board vs. Silver Sage Wellness, LLC (Case No. 2022-78)

Senior Deputy Attorney General Mike Detmer presented the settlement agreement for Case No. 2022-78. Mr. Detmer stated the matter arose from a disciplinary complaint that was filed and served on or about March 29, 2022. The violations alleged in the complaint included a Category II violation for failing to maintain required surveillance systems and multiple Category III violations for storing cannabis products outside the seed-to-sale tracking system and failing to meet requirements for the disposal of waste. The respondent did not file an answer to the complaint but reached for a possible resolution of the matter and the parties entered into settlement discussions. The terms of the settlement agreement included admission to one Category III violation for storing or delivered an unapproved cannabis product outside of the seed-to-sale tracking system and a second Category III violation for failing to meet requirements for disposal of cannabis waste. Respondent agreed to pay civil penalties totaling \$50,000 within 30 days of Board approval of the agreement. The Respondent provided a plan of correction that was approved by CCB staff and included termination of the employee involved in the violations concerning improper storing and disposal of cannabis, retraining of employees, and updating of the standard operating procedures concerning proper storage and disposal of cannabis. The Attorney General recommended and requested approval of the settlement agreement.

Mark Ferrario, counsel, and Braly Joy appeared on behalf of Silver Sage Wellness. Mr. Ferrario thanked the Attorney General's office for their work to resolve it quickly and thought that they had a fair settlement.

Member Neilander commented that it must be fair if Mr. Ferrario thought it was fair. Member Durrett noted that the Respondent was a significant contributor to charitable causes. Chair Douglas commented on the importance of keeping staff trained and up to date on policies and procedures to ultimately keep the licensee from coming before the Board.

Member Merritt made a motion to approve item C. Member Neilander seconded the motion. All Members said aye. Motion carried.

V. Request for Transfer of Interest

Chief Investigator David Staley presented the transfers of interest.

A. ACC Enterprises, LLC (TOI# 22004) (C130, RC130); Strata Growth, LLC

Steven Mack and Darren Kessler appeared on behalf of Strata Growth. John Savage, William A. Leonard, and Adam Fulton appeared on behalf of ACC Enterprises. Chief Staley stated TOI 22004 requested approval for Strata Growth and its owner, Mr. Kessler, to acquire ACC Enterprises and its cultivation licenses in Pahrump. ACC was placed into receivership by Meghan Konecne after the death of her husband and ACC owner Howard Misle. Mr. Kessler was the sole bidder during the receiver's asset auction. Staff identified areas of concern including unapproved TOIs, failure to tag all plants and failure to submit timely tax reports and/or payments. The Attorney General's office is working with attorneys for ACC, Strata, and the receiver to come to a mutually agreeable global settlement agreement that would cover resolution of the areas of concern as well as other pending litigation issues. If the Board approves the TOI, such approval should be conditioned upon the Board's subsequent approval of the global settlement agreement.

The TOI would not be effective unless and until the Board and receivership court also approved the settlement agreement.

Mr. Mack agreed with Chief Staley and requested that the Board approve the TOI subject to the stipulated settlement agreement. The agreement was expected to be done before the end of June or July. Mr. Savage spoke on behalf of the receiver and thanked staff and Mr. Rath for the work and was in support of conditional approval subject to the final settlement agreement approval. Once they have the final settlement agreement, they will file a motion with receivership court to grant the request for the settlement.

Chair Douglas noted that conditional approval was being asked for due to the additional approvals required by Taxation and the Court. Chief Staley commented that they are close to the global resolution.

Member Neilander made a motion to approve agenda item V A as reflected on the agenda, and the approval be conditioned that the transfer does not occur until there is a global settlement agreement as indicated. Member Merritt seconded the motion. All Members said aye. Motion carried.

B. GBS Nevada Partners, LLC (TOI# 21020) (D015, RD015)

Neal Tomlinson appeared on behalf of GBS Nevada Partners, the Meservey Family Trust and Green Cross Investors. Mr. Jim Meservey, his daughters Gillian and Gianna Meservey, and Mike Viellion also appeared. Chief Staley stated TOI 21020 was filed by GBS to request approval for internal restructuring of the 27.59% ownership of the Meservey Family Trust into Green Cross, LLC and adding Gillian and Gianna Meservey as new members of Green Cross, LLC. Staff identified an area of concern because GBS filed late or incomplete tax returns three times during the last three years.

Mr. Tomlinson stated that the transfer of interest was an interfamily transfer and added that both daughters had submitted background checks and agent card applications. With respect to the late tax payment, there was an instance where the submitted check was not received by the Dept. of Taxation; the check was reissued and received. Mr. Tomlinson alleged the other two returns were submitted timely but processed late by the Dept. of Taxation. GBS was currently in good standing with Dept. of Taxation.

Member Neilander asked for confirmation that the taxes were current with the Dept. of Taxation. Mr. Tomlinson responded that was correct. Member Neilander commented that it was an impressive background, and the principals and owners contributed a lot to Las Vegas.

Member Merritt made a motion to approve agenda item V B. Chair Douglas noted that there were no violations; Member Merritt agreed. Member Durrett seconded the motion. All Members said aye. Motion carried.

C. WSCC, Inc. (TOI# 20003, 21041, 210009, 2100050) (C098, RC098, C099, RC099, P071, RP071, D111, RD111, D149, RD149, T091); Verano Holdings Corp.

Chief Staley stated the TOIs 20003, 21041, 210009, and 2100050 were filed by WSCC and Verano to request approval for WSCC internal transfers and for Verano to acquire WSCC. An early suitability review for a lounge license was completed in conjunction with the TOI investigation. The report concluded that Verano was suitable for the requested TOI and the potential lounge license. Verano requested waivers pursuant to NCCR 5.112 and 5.125 of the requirements of NCCR 5.110 regarding a review of owns related to transfers of under 5% and agent cards. Staff suggest that if approved, the Board limit the waiver to expire on the next agenda date for a Verano transaction. Staff identified an area of concern because WSCC filed late or incomplete tax returns with the Dept. of Taxation eleven times during the last three years.

Chair Douglas asked if the amended returns were filed, and additional taxes and penalties paid. Chief Staley responded affirmatively.

Derek Connor appeared on behalf of WSCC and Verano Holdings. Mr. Connor stated the WSCC matter was pulled from the agenda last month and they were now present to complete the full acquisition that Verano proposed. WSCC recently renewed its license and is currently in good standing with the Dept. of Taxation and current on taxes. Mr. Connor requested approval of the transfer.

Member Neilander made a motion to approve agenda item V C as reflected on the agenda and commented that the ownership of the company was impressive and had done a lot in the community. Member Neilander conditioned the

approval that the waiver pursuant to NCCR 5.110 and 5.125 expire at the next time they are on the agenda. Member Merritt seconded the motion. All Members said aye. Motion carried.

VI. Request for Consideration of Approval of Management Services Agreement

A. Two Skirts Cultivation and Production, LLC (C190, RC192, P125, RP125) and West118 Investments, LLC
Adam Fulton appeared on behalf of West118 and Two Skirts Cultivation and Production, LLC. Chief Staley stated CCB staff have reviewed the management services agreement between Two Skirts Cultivation and Production and West118 Investments and found it to be appropriate.

Mr. Fulton thanked the CCB staff for their assistance in this matter. Chair Douglas asked if the services agreement was part of a wholesale transaction. Mr. Fulton responded that was correct.

Member Merritt made a motion to approve the management services agreement between Two Skirts Cultivation and Production LLC and West118 Investment, LLC. Member Young seconded the motion. All Members said aye. Motion carried.

VII. Request for Consideration of Approval of Waiver of NCCR 5.110 Pursuant to NCCR 5.125

A. GFive Cultivation, LLC (TOI# 21073) (C075, RC075)

Chief Staley stated that a TOI number was assigned for tracking purposes, but there was not a transfer of interest involved. The application for GFive requested approval of waiver of the requirements of NCCR 5.110 pursuant to NCCR 5.125. GFive adequately address the items required to allow the Board to approve such a waiver. Staff suggest that if approved, the Board limit GFive's waiver to expire on such agenda date as GFive's next application. Staff identified an area of concern because GFive filed late or incomplete tax returns with the Dept. of Taxation five times during the last three years.

Larry Smith, owner, and Maribel Mendez-Gomez appeared on behalf of GFive.

Member Neilander asked Mr. Smith if he was now in compliance with the payment plan at Taxation. Mr. Smith responded affirmatively.

Member Neilander made a motion to approve the waiver of NCCR 5.110 pursuant to NCCR. 5.125 and conditioned to expire on GFive's next agenda date. Member Merritt seconded the motion. All Members said aye. Motion carried.

VIII. Consideration of Request for Default for Respondent's Failure to Answer or Request a Hearing on the Complaint for Disciplinary Action.

A. Cannabis Compliance Board vs. Faith Cosby (Case No. 2022-58)

Chair Douglas stated this matter was pulled from the agenda due to a signed stipulation and order to stay administrative proceedings.

Chair Douglas called for agenda item X to be heard next.

Chief of Administration Steve Gilbert presented agenda item X. Agenda item X A was an informational item presented to the Board of an establishment that was issued their final license since the last Board meeting. In August 2018, NuLeaf CLV Dispensary, LLC (D069) was issued a provisional license for a medical dispensary in the City of Las Vegas. NuLeaf applied for and was granted a conditional adult use dispensary license on September 21, 2018 (RD069). NuLeaf applied for and was granted an extension to the February 5, 2022, final inspection deadline by the CCB at the December 14, 2021, Board meeting. On March 29, 2022, a pre-opening inspection and audit was conducted, and the facility was found to be in compliance. The CCB issued the final license to NuLeaf D069 and RD069 on May 20, 2022.

Recess was called at 10:13 a.m. Meeting resumed on the record at 10:31 a.m. Chair Douglas asked for Director Klimas to take roll. All Board Members were present.

Consideration of Proposed Adoption, Amendment, and/or Repeal of the Nevada Cannabis Compliance Regulations

Chair Douglas indicated that there several breaks in agenda item IX and asked for general comments to be made up front and specific comments to be held until that session.

Chris Anderson with Sala Consulting on behalf of Planet 13 Holdings and MJardin thanked the Board and staff for their hard work and was in support of the proposed regulations and looked forward to their passage.

Frank Hawkins of Nevada Wellness Center wanted to speak on Item A, but would hold his comments until that section.

Deputy Director Michael Miles provided an introduction to the amendments and additions to the NCCR. The application regulations comprised of changes to Regulation 1 and Regulation 5 and covered the consumption lounge application and suitability investigation process to include the requirements of a diversity plan and the process to apply as social equity applications. Second will be the operational consumption lounge regulations which was comprised of changes to Regulations 1, 4, 5, 6, 9, 10, 11, 12, 13, and the addition of Regulation 15. The operational consumption lounge regulations cover all aspects of operation and included sales limits, security, notice, warning, signage, and label requirements, cleanliness, inventory, ventilation, location requirements and plans to prevent driving under the influence.

Application Regulations

A. Regulation 1. Issuance of Regulations; Construction; Definitions

1. NCCR 1.051 "Address" defined.
2. NCCR 1.081 "Conditional License" defined.
3. NCCR 1.193 "Prospective License" defined.

B. Regulation 5. Licensing, Background Checks, and Registration Cards

1. NCCR 5.020 Request for applications to operate establishment: Notice by Board; required provisions; time period for submission of applications.
2. NCCR 5.040 Submission of application for a cannabis establishment license.
3. NCCR 5.045 Cannabis consumption lounge final licenses.
4. NCCR 5.050 Request by applicant for ranked application score; request to review scoring information; designation of Board employee to respond to request; maintenance of information in application file.
5. NCCR 5.053 Petition for re-evaluation of suitability by the Board.
6. NCCR 5.055 Selection of social equity applicants.
7. NCCR 5.060 Issuance of license if Board receives less applications than available cannabis establishment licenses for an open application period.
8. NCCR 5.065 Procedure to request a reduction of renewal fees for conditional licenses.
9. NCCR 5.085 Surrender of license if cannabis establishment has not received final inspection; extension of time for final inspection; fee not refundable.
10. NCCR 5.110 Requirements for transfer of all or a portion of ownership interest; reimbursement of costs to Board; notice to Board; disclosure of facts pertaining to representative capacity of certain persons to Board; permission of Board required for registering certain information in the books and records of the cannabis establishment; investigation.

Deputy Miles stated the main change to the application regulation was the inclusion of how to handle the grandfathering process in NCCR 5.040(1)(e)(1). Member Neilander asked for brief summary. Deputy Miles stated that a cannabis sales facility applying for a retail consumption lounge license has to show that it met all distance requirements under the law in effect on the date the sales facility received its final inspection and got approval from the CCB to open and operate. Chair Douglas had some concerns with a portion of the language of 5.040, and thought that it would be better to follow the language put forth in 678B.250 that says existed on the date of which the application for the proposed adult use cannabis establishment was submitted to the Board that complies with the statutory language that's in effect.

Frank Hawkins stated that as he understood it, he supported the grandfathering. Mr. Hawkins spoke regarding the social equity for consumption lounges and wanted to make sure that those people that don't have lawyers or consultants can understand what it will take and what they will have to do. Mr. Hawkins provided recommendations including: a period of time for people to ask questions about the application; a place to email questions where everyone can get the same information at the same time; an extension to the application time if there was a delay in getting questions answered; reduction of fees for social equity applicants; definition of minimum scoring guidelines; notice to all

licensees of posting the application, and how long it will be out, and able to submit the application at any time; a simple process to submit the application; clarification on the address requirement; the CCB contacting all methods of contact when needing a response within a time limit; production of diversity plan before receiving a license; notification of selection posted online; going back 10 years for people that got out of prison; production of proof of conviction for social equity applicant up front; and all merit should be presented up front.

Brian Harris, owner of Blackbook Media stated his concerns that the illusion of inclusion puts together processes that seem transparent and to give opportunity. Systemic racism is often cloaked in the appearance of giving equal opportunity. Mr. Harris stated the African American community was hit hardest by the war on drugs and were the last of the communities that were included in the opportunity of the cannabis industry. The black community has a high percentage of use, and he shouldn't have to go to jail to get a license.

Layke Martin, director of the Nevada Cannabis Association, stated concern with respect to NCCR 5.040(1)(e) and the term final license to operate. Final license was not used or defined in statute. Ms. Martin supported the recommendation to change the language to the date upon which the application was submitted to the Board to match 678B.250.

Brendan Blume, Vice President of Experiences at Green Thumb, recommended that NCCR 5.040(1)(e) should exempt from the 1,500-foot distance restriction. All retail stores that are existing and operating prior to the application period for consumption lounges have been previously established and should have the same distance requirements for consumption lounges as for adult use retail facilities. AB341 authorized the Board to issue to consumption lounge licenses to adult use stores if the lounge is attached or immediately adjacent to the store and the adult use store was otherwise in compliance with the distance requirement at the time of receiving a license.

Scot Rutledge with Argentum Partners on behalf of the Chamber of Cannabis stated they worked with the chief sponsoring legislation and tried to ensure as much opportunity for new entrance into the market while allowing existing retail stores to have a chance to have one of the licenses. Mr. Rutledge echoed Ms. Martin's comments and the Chair's suggestion of an amendment to NCCR 5.040 in regard to final license. Mr. Rutledge stated the language left out any retail store that has an existing location approved by the Board from being able to apply for a lounge license and that was not the intent of the bill's sponsor. AB341 clarified that retail and independent consumption lounges were subject to all distance separation requirements unless otherwise grandfathered as part of an adult use retail cannabis store. There was no mention of final license.

A'Esha Goins, Executive Director of the Cannabis Equity and Inclusion Community and owner and President of Black Joy Consulting, stated the Pathway to Ownership participants were present to witness the process. Ms. Goins stated it was not a true pathway to ownership. Ms. Goins was invested in the social equity component and did not believe it provided real ownership opportunities; there are still financial obstacles. Ms. Goins thought that the CCB was intentional about inclusion, but the licensing and policy continued to block out a large amount of people. Ms. Goins recommended using social media to provide information. Ms. Goins had concerns about the location and jurisdiction requirement and did not want applicants penalized if they needed adjust their original jurisdiction.

Mitch Britton, managing partner of Thrive entities, stated that the proposed regulation regarding grandfathering runs afoul with the agreements made during legislative negotiations. Mr. Britton encouraged further review of the floor statement of Senator Chris Brooks and the June 22nd opinion of the Legislative Counsel Bureau regarding the intent to AB341.

Amanda Connor with the law firm Connor & Connor stated that Ms. Goins and others brought up things that need to be addressed but some of them can't be changed because they are in statute. Ms. Connor recommended in regard to the grandfathering language, to use the language required by statute and not create additional criteria. The use of final license creates and additional criteria not in statute. Ms. Connor encourage the Board to use the language that was adopted by legislature.

Denise Parker provided comments on her issues with the social equity criteria including location and those relatives should be expanded to include extended family. Ms. Parker commented that the limitations mention milligrams, but terpenes should be looked at. Ms. Parker recommended options for tracking customer use and training for overconsumption, micro-dosing, and tolerance. Ms. Parker would like a production license attached to the lounge license to be able to make products. Ms. Parker recommended allowing the hemp and product that gets thrown away to be used to make other things.

Eric Ambis was a student of the Pathway to Success Program and stated that many people were raised by their grandparents and extended family. Grandparents not being included disqualified them from the social equity qualification.

John Ocegüera appeared on behalf of GTI, CuraLeaf, and Thrive. Mr. Ocegüera thought that his clients would be in support of language that mimics 678B.250. Mr. Ocegüera provided comments on legislative intent and noted that NRS 678B.322(2)(a) referenced the time when the retail store was issued its license; NRS 678B.322(1)(b) referenced the time when a retail store becomes operational. AB341 exempted all cannabis sales facilities that were operational as of the date submitted an application for a retail consumption lounge, regardless of the date it received its final approval from the regulatory agent to being its sales facility operations. The proposed language was problematic as final license was not defined in NRS or NCCR, goes against the language and legislative intent, and opens the door to litigation.

Tim Eli representing his start-up Chemovar.io. Mr. Eli commented on the lack of opportunity within the cannabis industry as we are second to last in scoring for opportunity and diversity within the executive roles of the industry. Mr. Eli's experience was as a patient, grower, and breeder. Mr. Eli spoke of his experience in the dispensaries and the labs. The industry needs to open up opportunities to those that could help innovate the industry, include those that were marginalized, and create a pathway to licensing. Nevada has kept out the legacy market; the same opportunities granted in other states are not granted here.

Chair Douglas asked for additional comments before the Board discussed. Director Klimas stated there were two clerical edits the Board to consider; there are two references that are incorrect or need to be changed. NCCR 5.040(1) and (k) have a reference to Section (2)(a)(10)(i) that is no longer there. Deputy Miles added that section was moved to NCCR 5.045. Director Klimas stated that in NCCR 5.045(2)(a)(10) in the third sentence the reference to 678B.280(1)(f) needed to be removed and corrected to the correct statute of 670B.324(4)(a)(1). Ms. Balducci added there was an additional correction above the section that was just corrected; there was a reference to subsection 2 that was moved down to NCCR 5.045.

Chair Douglas asked in if in regard to the language in NCCR 5.040 (1)(e)(1) if there was a change to be made, is it substantive. Ms. Balducci responded that it would be recommended that if it the Board made a change, it should be held back. The CCB may re-notice it so there is not an issue of whether it was substantive or not. Member Durrett asked if she could ask a question of the proponents of changing that matter so that when it comes back there is more information.

Chair Douglas responded that the Board had heard from the proponents and did not want to open it up broader at this point. Chair Douglas added that he was not comfortable with the LCB opinion, and the positions taken as to what was agreed to. The agreement is not between the parties but by the legislature on the record. The Board may not have side discussions with the full Board outside of an open meeting; the legislature is allowed to have any discussion. The Board is attempting not to do the same thing the predecessor was accused of doing in terms of the first licensing. The Board is making sure it speaks with a voice on the record, not to individuals to give them a leg up. There are concerns that the Board is attempting to incorporate from around the country including social equity. What the Board does or doesn't do should be based solely on what legislature adopted. Chair Douglas had problems with their intent as he has seen different things about their intent or lack of intent.

Chair Douglas asked for clarification on filling out the application. Deputy Miles responded that the application will be in the Accela system; it will be electronic and mostly attestations of checking a yes or no box. Deputy Miles stated that the part to be filled out will be the owners, officers, and board members which is statutorily required, and a preliminary diversity plan will also need to be included in the initial application. Deputy Miles added that the CCB was statutorily limited to a ten-day open period for the application. There is not a way to stop and extend the application period. Deputy Miles explained that the application period where the application is to be submitted to the CCB is a ten-day period. The CCB will let everyone see the application 30 days before that period and have question/answer sessions. Videos will be put out on how to fill it out. Deputy Miles added that applicants need to be certain that what is attested to is correct or it will be held against you in the suitability analysis of the licensing process. For the social equity applicants should have the information on their location and arrest record. Deputy Miles stated that the address is a required portion of the application by statute and the address is defined as the local jurisdiction; the local jurisdiction can't be changed by statute. There is a specific email address to email questions to; all questions and answers will be posted on the website.

Chair Douglas stated that some of the terms used and adopted by legislature don't reflect what is done in a licensing process of any agency in the state. For most licenses, you make an application and you're an applicant. Then you have to meet certain requirements and that is where the term final licensing comes up. It is understood that the Board has to comply with the legislature's words within a certain reason.

Member Neilander stated the Board was getting conflicting legal opinions and agreed with the suggestion to come back on the grandfathering issue to what the language in statute is. No one agrees what the law really said so the Board can go with the statutory language.

Member Durrett stated that many of the suggestions made today can be accommodated going forward but was not in favor of pulling the regulations for changes to be made. The Board won't be able to continue keeping it on the agenda and waiting for more ideas. Most of Mr. Hawkins concerns can be addressed. Member Durrett understood that the Board would not move forward on NCCR 5.040.

Member Merritt did not have a comment. Member Young supported changing the language in NCCR 5.040 in regard to the statute. Member Young understood the wording for final licensure but understood the need for the change to be consistent with statute.

There was discussion amongst the Board and staff on how to draft the motion. Member Neilander made a motion for approval with corrections as discussed on 5.040 and 5.045 which were clarifications and with the deletion of the language from the arrow down [in 5.040(1)(e)(1)]. Member Young seconded the motion. All Members said aye. Motion carried.

Consumption Lounge Regulations

C. Regulation 1. Issuance of Regulations; Construction; Definitions

1. NCCR 1.197 "Ready-to-consume cannabis product" defined.
2. NCCR 1.222 "Single-use cannabis product" defined.

D. Regulation 4. Disciplinary and Other Proceedings Before the Board

1. NCCR 4.050 Category III Violations.
2. NCCR 4.055 Category IV Violations.
3. NCCR 4.060 Category V Violations.

E. Regulation 5. Licensing, Background Checks, and Registration Cards

1. NCCR 5.100 Grounds for denial of issuance or renewal of license; grounds for revocation of license; notice; opportunity to correct situation.
2. NCCR 5.150 Categories of registration cards.

F. Regulation 6. Production and Distribution of Cannabis

1. NCCR 6.070 Persons authorized on premises; visitor identification badge and other requirements for other persons; maintenance and availability of visitor log.
2. NCCR 6.072 Training and instruction required before agent may begin work or service as volunteer.
3. NCCR 6.075 Development, documentation and implementation of certain policies and procedures; maintenance and availability.
4. NCCR 6.080 Inventory control system; authorized sources for acquisition of cannabis and cannabis products; duties of establishment if loss incurred; maintenance and availability of documentation.
5. NCCR 6.082 Use of seed-to-sale tracking system; payment of fees.
6. NCCR 6.085 Required security measures, equipment and personnel; location of outdoor cultivation facility must allow for response by local law enforcement.
7. NCCR 6.090 Cleanliness and health of cannabis establishment agents.

G. Regulation 9. Production of Cannabis Products

1. NCCR 9.015 Qualifications and duties of persons responsible for managing facility.
2. NCCR 9.025 Requirements and restrictions on use of non-cannabis ingredients.
3. NCCR 9.030 Protection of products and ingredients from cross-contamination.
4. NCCR 9.035 Use of pasteurized eggs and egg products; cleanliness of equipment, utensils and articles; requirements for temperature controls.
5. NCCR 9.040 Clear marking of potentially hazardous cannabis products; determination of expiration date and shelf life of perishable products.
6. NCCR 9.050 Requirements for sinks and running water.
7. NCCR 9.060 Requirements for materials used in construction of utensils and contact surfaces.
8. NCCR 9.065 Requirements for lighting.

9. NCCR 9.075 Sufficiency of ventilation hood systems and devices.
10. NCCR 9.080 Sufficiency of mechanical ventilation.
11. NCCR 9.085 Surfaces of equipment and utensils: Cleanliness.
12. NCCR 9.090 Surfaces of equipment and utensils: Frequency of and activities requiring cleaning.
13. NCCR 9.095 Surfaces and utensils: Sanitation.
14. NCCR 9.100 Surfaces of cooking and baking equipment and door seals of microwave ovens: Cleanliness.

H. Regulation 10. Minimum Good Manufacturing Practices for Cultivation and Preparation of Cannabis and Cannabis Products for Administration to Humans

1. NCCR 10.015 Cannabis cultivation facility, cannabis production facility and cannabis sales facility: Requirement to have quality control unit.
2. NCCR 10.020 Cannabis cultivation facility, cannabis production facility, cannabis consumption lounge and cannabis sales facility: Adequate ventilation, filtration systems and related equipment required for building.
3. NCCR 10.025 Cannabis cultivation facility, cannabis production facility, cannabis consumption lounge and cannabis sales facility: Establishment of and adherence to written procedures for labeling and packaging materials.
4. NCCR 10.030 Cannabis cultivation facility, cannabis production facility, cannabis consumption lounge and cannabis sales facility: Establishment of and adherence to written procedures for production and process control to assure quality of cannabis and cannabis products; review and approval of procedures; recording and justification of deviation from procedures.
5. NCCR 10.035 Cannabis cultivation facility, cannabis production facility, cannabis consumption lounge and cannabis sales facility: Establishment of and adherence to written procedures for components, product containers and closures.
6. NCCR 10.040 Cannabis cultivation facility, cannabis production facility, cannabis consumption lounge and cannabis sales facility: Appropriateness, cleanliness and maintenance of equipment, utensils and substances; maintenance of records.
7. NCCR 10.045 Cannabis cultivation facility, cannabis production facility, cannabis distributor, cannabis consumption lounge and cannabis sales facility: Requirement to ensure cleanliness of employees and volunteers.
8. NCCR 10.050 Cannabis cultivation facility, cannabis production facility, cannabis distributor, cannabis consumption lounge and cannabis sales facility: Restrictions on salvaging cannabis and cannabis products; maintenance of records.

I. Regulation 11. Cannabis Independent Testing Laboratory

1. NCCR 11.015 Requirements for cannabis independent testing laboratory to handle, test, or analyze cannabis.

J. Regulation 12. Packaging and Labeling of Cannabis Products

1. NCCR 12.025 Requirements for labeling products “organic.”
2. NCCR 12.040 Cannabis sales facility and cannabis consumption lounge: Required labeling of usable cannabis.
3. NCCR 12.045 Cannabis sales facility and cannabis consumption lounge: Required labeling of cannabis products.
4. NCCR 12.050 Cannabis sales facility and cannabis consumption lounge: Required disclosures and warnings.
5. NCCR 12.055 Cannabis cultivation facility, cannabis production facility, cannabis consumption lounge and cannabis sales facility: Required labeling.
6. NCCR 12.060 Cannabis cultivation facility, cannabis production facility, cannabis consumption lounge and cannabis sales facility: Examination of products during finishing operations; collection of representative sample of units; recording of results.

K. Regulation 13. Cannabis Distributors

1. NCCR 13.010 Requirements for wholesale transportation of cannabis and cannabis products.
2. NCCR 13.040 Transportation by cannabis cultivation facility, cannabis production facility, cannabis independent testing laboratory or cannabis sales facility; applicability of provisions relating to distributors.

L. Regulation 15. Cannabis Consumption Lounge

Deputy Miles repeated that this portion was the operational consumption lounge regulations which are comprised of changes to Regulations 1, 4, 5, 6, 9, 10, 11, 12, 13, and the addition of new Regulation 15. These cover all aspects of the operation and include sales limits, security, notice, warnings, signage and label requirements, cleanliness, inventory, ventilation requirements, location requirements and plans to prevent driving under the influence.

Deputy Miles provided the main changes to these regulations since the last workshop. NCCR 1.222 was updated to include larger products, but they must include a warning for the inexperienced consumer at the time of sale. NCCR 15.040 clarified who has to obtain the food handler card. NCCR 15.100 updated the definition of immediately adjacent.

There were no questions from the Board. Chair Douglas asked for public comment.

Eric Ambis is the CEIC manager and student of the Pathway to Success Program. Mr. Ambis did not think it would be

helpful for consumption lounges to only purchase product from a cannabis sales facility. They should be able to purchase directly from cultivation or production. Mr. Ambis thought that the milligram amount for an edible should be raised.

Amanda Connor noted that some of the proposed changes to the regulations apply to all cannabis facilities and not just consumption lounges. Some licensees may not understand that they will be impacted. Ms. Connor noted that there was no variance language included in NCCR 1.197 and 1.222. Ms. Connor noted that “Accela” was referenced in NCCR 6.085(3)(III) and subsection (3)(IV) referenced “electronic licensing system.” In regard to NCCR 12.040 and 12.045 and the labeling provisions, was there to be a bulk label or if it was dependent on the type of product. In regard to NCCR 15.015, the language appeared to also apply to retail stores for age verification. The CCB recently issued guidance that if the standard was not working, the facility could outline a new process. Ms. Connor recommended the language be modified or the process that was outlined be included in the regulations.

Layke Martin on behalf of the Nevada Cannabis Association commented on NCCR 1.222(5). The Department of Agriculture is currently promulgating regulations specific to cannabis weighing devices. The Department of Agriculture suggested removing the term dispensing devices because that term wasn’t in NRS 581, and to replace commercial devices with cannabis weighing and measuring equipment. In regard to NCCR 6.085, the requirement to access all cameras in real time exceeds what is required of gaming licensees. Ms. Martin recommended the requirement remain that access is granted upon request and licensees should be notified when the Board or law enforcement intends to access cameras. The term “continually” should be clarified here or in guidance as to what the requirements are.

John Ocegüera on behalf of Thrive, GTI, and CuraLeaf mirrored the comments of Ms. Martin and Ms. Connor on NCCR 6.085, and the clarification needed.

Member Durrett asked for clarification regarding the remote access to cameras by law enforcement. Deputy Miles responded that NCCR 6.085(1)(c)(3) required the information be put into Accela. Member Durrett clarified there was no mandate about law enforcement or the CCB to watch the facilities or remotely access the cameras.

Chair Douglas stated that the Board can’t change how the product is purchased; legislature required that. Chair Douglas had concern in terms of the security requirement and having someone monitoring a screen while there is security in the room with people at the same time. Member Durrett agreed. Director Klimas noted that this was something that policy guidance could be issued on, and the idea was to prevent people from taking product out of the consumption lounges.

Member Neilander added that gaming had surveillance standards that are issued, and they are technical standards and not in the regulations. The surveillance focused on high-risk areas such as point of entry, point of exit and not watching every patron. Member Durrett recommended removing “continually” and add “as prescribed by the Cannabis Compliance Board” and that would allow the Board to issue guidance on frequency or standards.

Director Klimas asked for guidance from the Deputy Attorney General on how to proceed. Ms. Balducci responded that the Board could strike “continually” and then re-notice to add language such as “as prescribed by the Board.” Deputy Miles agreed and noted that the changes would not take effect until January 1, 2023.

There was discussion on how to make the motion. Member Durrett made a motion to approve the regulations under agenda items C through L under item IX with the removal of the word “continually” under section 6.085. Member Neilander seconded the motion. All Members said aye. Motion carried.

IX. Approvals and Resolutions

A. Notice of Final Licensure

1. NuLeaf CLV Dispensary, LLC (D069, RD069)

[This item was presented earlier by Chief Gilbert.]

X. Briefing from the Chair and the Executive Director

Chair Douglas stated that the Cannabis Advisory Commission was asked to look into fines, fees, and costs which comports with what has been asked of the Executive Director as the CCB starts looking toward the next legislative session. This will be information needed to answer questions that legislature may have.

Director Klimas recognized the work that went into the consumption lounge regulations and thought that the CCB, the industry, and the State was in a position to launch the program in a manner that adheres to the mission, protects the state and provides for new opportunities for the state and industry. Director Klimas thanked the CCB staff, counsel from Attorney General’s office, the Cannabis Advisory Commission and subcommittees, members of the public and the industry.

Chair Douglas thanked the public for the comments that were made. The process needs to be reopened and inclusive.

XI. Next Meeting Date

The next Board meeting is scheduled for July 26, 2022.

XII. Items for Future Agendas

Member Durrett recommended turning attention to the study on the legal market that was placed under AB533 and asked that it be placed on a future agenda or assigned to the Cannabis Advisory Commission. Chair Douglas added that the pilot program for the cannabis industry has also been brought up and the Cannabis Advisory Commission should turn its attention looking at the subject matter as determined by legislature.

XIII. Public Comment

A’Esha Goins provided comment in regard to GFive that was on under agenda item VII. Ms. Goins stated that GFive has been exemplary in their community activism, activists, advocacy, and philanthropy. They have been available to the community and especially the social equity community. Ms. Goins asked that if a study is introduced that it relates to expanding licensing for the previous licensing of cultivation, production, science, and dispensary to include micro-businesses.

XIV. Adjournment

Meeting adjourned at 12:35 p.m.