

Nevada Cannabis Compliance Board Meeting Minutes November 15, 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 November 15, 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 Durrett, and Member Merritt were present in Las Vegas. Member Young was present in Carson City. Member Neilander was present via video connection.

Chair Douglas noted that he would hold public comment on agenda item VII for Regulations 1, 6, and 11 until that matter was called so that the comments can be heard in context.

I. Public Comment

Bri Padilla, secretary of the Chamber of Cannabis and industry advocate, provided comments in regard to the proposed changes to the regulations for cannabis events. Ms. Padilla agreed with the regulation of cannabis events but thought that the requirements were set to benefit multi-state conglomerates by empowering them to engage in economic activity that smaller, local licensees and equity owners would not have access to based on their means. Ms. Padilla urged the CCB and CAC to take into consideration the suggestions provide by the subcommittee on Diversity, Inclusion and Equity and establish guidelines that offer smaller and new licenses the opportunity to engage in this emergent space.

Dani Baranowski, industry advocate and vice president of the Chamber of Cannabis, asked if the CCB had considered implementing any of the recommended solutions that were recommended at the roundtable meeting in September, to increase revenue and promote viable business opportunities. Ms. Baranowski stated that many Chamber members had experienced market compression and laid off employees. Ms. Baranowski added that venture capital investment has slowed. It was incumbent upon everyone to create economic growth, move the industry forward, and revisit the suggestions made by committees, workshops, and roundtables.

Will Adler began public comment in relation to the petition under consideration for agenda item VII. Chair Douglas asked for that to be held until that item.

II. Meeting Minutes

A. Consideration for approval of the October 25, 2022, Cannabis Compliance Board Meeting minutes.

Chair Douglas asked for corrections or a motion from the Board. Member Durrett made a motion to approve the minutes. Member Merritt seconded the motion. Board Members said aye. Motion carried.

III. Consent Agenda

A. Complaints

Director Klimas presented the complaints that were reviewed by the Attorney General to authorize service of the complaints.

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

Chair Douglas commented that Board has not seen the matters but approving service only. Member Durrett made a motion to approve service of the complaint for disciplinary action in agenda item III A (as to Respondent A and B). Member Merritt 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 the amended stipulation and order for settlement of disciplinary action in Case No. 2021-46. Ms. Balducci stated that Larry Bertsch is the appointed Receiver over Helios. Shortly after the July Board meeting, Helios had to vacate the premises due to landlord/tenant issues. The amended stipulation and order will allow Mr. Bertsch to sell Helios's licenses within a certain time period to pay the previously agreed to civil penalty and any other outstanding amounts owed to the CCB first, any and all taxes and interest owed to the Department of Taxation, post receivership fees and costs, and lastly any other creditors. The amendment does not become effective until/unless it is approved by the CCB, Tax Commission, and the Receivership Court, with the effective date being whichever approval occurs last. The Attorney General recommends approval.

Charles Gianelloni appeared on behalf of Helios. Richard Kleikamp appeared on behalf of the Receiver, Mr. Bertsch who was attending a mandatory receivership training. Mr. Gianelloni provided a brief history of events. The CCB began disciplinary action against Helios the previous year around the same time that litigation was going on between Helios's members. During the course of that litigation, Mr. Bertsch was appointed the receiver over Helios. Mr. Bertsch removed the management team which allowed for the previous settlement to go forward. Mr. Bertsch called for the members and talked about the need for a capital call to allow Helios to operate. Mr. Bertsch tried to enter into a long-term lease with the landlord, but the landlord gave a 30-day notice to vacate. As such, the members were no longer willing to respond to the capital call. Mr. Bertsch shut the grow down and advised the CCB of the need to destroy the plants. Helios was now seeking approval to sell the licenses in approximately 90 days. Mr. Gianelloni went over the payment terms and other approvals needed for the agreement. Mr. Kleikamp did not have additional comments to make.

Member Neilander appreciated the explanation of the background, did not have any questions, and thought that this would resolve the dispute.

Chair Douglas added that he would like the Board to be notified if there were any deviations from what was approved by the CCB.

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

V. Request for Transfer of Interest

Chief of Investigations David Staley presented the transfers of interest.

A. TGIG, LLC (TOI# 21056) (C041, RC041, P025, RP025, D045, RD045, D048, RD048, T080, T081 (D044, RD044))

Chief Staley stated TOI# 21056 was filed for approval of internal transfers within the existing ownership structure due to a capital call and recognition of trustee changes upon the death of a co-trustee. No areas of concern were identified.

No representatives appeared on behalf of TGIG.

Chair Douglas asked if there were any questions from the Board and if so, the matter would be held. Member Neilander asked Chief Staley if this was a capital call and some of the members couldn't or didn't want to participate which resulted in the request for the transfers. Chief Staley responded that was correct. Member Neilander commented that it was dilutive to the members who did not contribute the full amount.

Member Durrett commented that it was unusual for this licensee to not be present but felt comfortable going forward. Chair Douglas noted that the Board requested the licensee to be present so that the Board has a chance to ask questions. Chair Douglas added that when you are asked to appear, someone should be present. In the future, the appearance will not be waived unless it has been prearranged.

Member Durrett made a motion for approval. Member Merritt seconded the motion. All Members said aye. Motion carried.

B. Just Quality, LLC (TOIs #19030, #21063, #2200025) (C123, RC123, P085, RP085) and The Cure Company NV, LLC

Chief Staley stated TOIs 19030, 21063 and 2200025 were filed for internal structuring of Just Quality resulting in Ron and Norma Memo acquiring Paul Thomas's membership and the sale of Just Quality's medical and adult-use cultivation licenses to The Cure Company NV, LLC. No areas of concern were identified during the investigation.

Adam Fulton appeared on behalf of Just Quality, Congerium, and The Cure Company NV, LLC. Mr. Fulton thanked the staff for their work on this complex issue.

Member Neilander asked about the series LLC and if it was common or new. Chief Staley responded that it was new for the CCB, and the investigator researched the structure. It appeared that the series underneath the parent LLC have separate distinct members and assets. One of the assets included in this structure is the license. After discussion with the DAGs, CCB staff was comfortable handling the two series as conceptually the subsidiaries of the Just Quality LLC which was determined to be the parent. The production licenses will remain under Just Quality. Mr. Fulton added that the series structure is uncommon but provides certain advantages. Member Neilander commented that he appreciated the work that the staff did to put the report together.

Chair Douglas echoed Member Neilander's comments and added that the Board still grapples with LLCs in terms of disclosure for purposes of what the Legislature set out. Chair Douglas appreciated the CCB team and Mr. Fulton's work on this.

Member Neilander made a motion to approve agenda item V B. Member Durrett seconded the motion. All Members said aye. Motion carried.

C. A New Leaf Cultivation Center, LLC (C089, RC089), A New Leaf Production Center, LLC (P058) (TOIs #2200035 - #2200038) and 800 Stillwell LLC

Chief Staley stated the New Leaf entities are currently owned by Michael Morgan, Katherine Lundgren, and Alexander Hose. The three members placed the New Leaf entities into a voluntary receivership due to difficulties in agreeing on how to manage the operations. The TOI applications submitted requested approval for Mr. Hose to acquire 100% of both New Leaf entities and then place his ownership into his wholly owned company, 800 Stillwell, LLC. A two-part action is required by the Board. The Receivership court has approved the settlement by the parties so the Board may approve the transfer of New Leaf entity membership from Morgan and Lundgren to Hose. The Court has not yet approved the transfer of the New Leaf entities to Hose's company, 800 Stillwell. If the Board approves the transfer to 800 Stillwell, staff suggest that the Board's approval be conditioned to become effective after the receivership court approves the transfer as well.

David Edelblute appeared as counsel for the Receiver, Dotan Melech. Jeff Donato of Argentum stated he was engaged to prepare and submit the application to the CCB but did not represent any of the parties at the meeting. Ed Humphrey appeared on behalf of Mr. Hose for 800 Stillwell.

Mr. Humphrey stated that Chief Staley presented the matter well and it was a two-stage process. The Court has approved the settlement with the Morgans and there is a hearing scheduled in district court on December 11th for approval of the second stage transaction which is a corporate reorganization under Chapter 86. Mr. Humphrey asked that the Board follow Chief Staley's recommendation and approve the first stage now and the second stage subject to court approval.

Chair Douglas noted that there were some oddities but none of were of major concern. Chair Douglas questioned the name and landing spot and noted there were concerns as to the financial information that the parties involved seemed to be working out. Mr. Donato responded that the ultimate landing spot was 800 Stillwell.

Member Neilander made a motion to approve agenda item V C, conditioned that the transfer occur upon court approval and any other necessary approvals required. Senior Deputy Attorney General L. Kristopher Rath noted that the first step of the transfer to Mr. Hose could be fully approved, and the second step to Stillwell would be conditional on court approval. Member Neilander accepted that clarification. Member Young seconded the motion. All Members said aye. Motion carried.

VI. Consideration of Approval to Remove Cannabis Receiver over A New Leaf Cultivation Center, LLC (C089, RC089) and A New Leaf Production Center, LLC (P058)

Senior Deputy Attorney General L. Kristopher Rath presented the matter to the Board. Mr. Rath stated the members sought the placement of a receiver due to ownership disputes. With the Court's approval and the Board's approval of the TOI, the ownership dispute is now resolved. There is no further need for a receiver over the licenses. The receivership court approved the party's stipulation to remove the receiver subject to the CCB's approval and issued an order to that effect on November 4, 2022. The order indicated that the receiver is removed once the CCB has approved his removal. CCB staff sees no issue with the removal.

Mr. David Edelblute, counsel for the Receiver, was available for questions. Dotan Melech was available via video conference. Mr. Ed Humphrey was available on behalf of Mr. Hose.

Member Neilander commented that this was the first agenda where there were no areas of concern noted. Member Neilander thanked the licensees and added that this is where the Board was trying to get. It was in the best interest of the state.

Chair Douglas noted that there have been Orders signed by the Court and various other approvals needed and the necessary background information was provided to the Board.

Member Neilander made a motion to approve the receiver under agenda item VI as stated on the agenda. Member Merritt seconded the motion. All Members said aye. Motion carried.

VII. Petition filed Pursuant to NRS 678A.460(1)(d)

A. Sierra Cannabis Coalition's Petition to Request Amendments and/or Additions to Regulations 1, 6, and 11

Chair Douglas skipped agenda item VII to be done later in the meeting.

VIII. Consideration for Approval to Extend Final Inspection Deadline

A. Forever Green, LLC (C100, RC100)

Chief of Administration Steve Gilbert stated Forever Green was issued a provisional medical cultivation license on November 3, 2014, by the Division of Public and Behavioral Health and was issued a conditional cultivation license on September 11, 2018, by the Department of Taxation. Both licenses were issued for the North Las Vegas jurisdiction. Forever Green was issued its medical final licensure on April 23, 2018, and its adult-use final licensure on May 1, 2019. Forever Green vacated its cannabis facility in November 2019 due to landlord/tenant issues. Forever Green was notified in September 2021 that the licenses were being reverted to conditional status and was advised that a new cultivation facility must be inspected and approved for final licensure by CCB staff and complete local requirements no later than September 1, 2022. Forever Green submitted a request for an extension of the deadline on August 19, 2022.

[A recess was called at 9:57 a.m. to fix audio issues. The Board went back on the record at 10:12 a.m.]

Chief Gilbert stated that Forever Green reported that the covid-19 pandemic affected its ability to meet the September 1, 2022, deadline and has not been able to secure a new location. Forever Green provided a timeline of efforts made. Staff identified no areas of concern.

Paul Murad appeared on behalf of Forever Green, LLC. Chair Douglas asked Mr. Murad where they were at in the process and what the prospects were for going forward. Mr. Murad responded that there were issues with the landlord and their management services became entangled in litigation. Mr. Murad asked for a six-month extension and thought that they should be able to get it done in that time now that the litigation was settled.

Chair Douglas asked if there were locations currently being considered. Mr. Murad responded that there were several locations being looked at.

Member Durrett asked if there was a process to review the financial suitability when a license switched status from conditional to final. Director Klimas responded that was not part of the extension request, but it can be if the Board wants to see that review. Member Durrett would like to see a financial review and suggested conditioning the extension to go through a financial review. Member Neilander agreed with Member Durrett.

Member Neilander asked Chief Gilbert on what the appropriate date for an extension would be. Chief Gilbert responded that most of the extension requests were granted through February 5, 2023; at the last Board meeting, extensions were granted to November 5, 2023. Member Neilander did not have

additional questions and would support an extension through November with a review of the financials. Chair Douglas noted that the situations for the two extension requests on the agenda were different.

Member Durrett made a motion to approve the extension to November 5, 2023, for agenda item VIII A, with the condition of the submission of financials for an administrative review. Member Young seconded the motion. All Members said aye. Motion carried.

B. Harvest of Nevada, LLC (C205, RC205, P136, RP136)

Chief Gilbert stated Harvest of Nevada was issued a provisional medical cultivation and production licenses on April 11, 2018, and conditional adult-use cultivation and production licenses on September 7, 2018, within the West Wendover jurisdiction. Harvest of Nevada requested and was granted an extension of the February 5, 2022, deadline to receive final inspection to February 5, 2023. On October 11, 2022, Harvest of Nevada submitted a second request to extend the deadline to February 5, 2024. Harvest of Nevada reported that site work is 90% complete and provided supporting documentation showing their progress. Harvest of Nevada is awaiting issuance of building permit in order to start pouring concrete pads and commence construction of the building and greenhouse. Staff identified no areas of concern.

Alicia Ashcraft appeared on behalf of Harvest of Nevada. Ms. Ashcraft reported that one of the issues now was the ground was too cold to begin the concrete pour. Ms. Ashcraft added that work was performed under a management services agreement with a potential buyer, Vertical Horizon. Vertical Horizon is in the last stages of its TOI investigation. Ms. Ashcraft asked if the financial review included in the TOI investigation could satisfy the financial review if conditioned as part of the extension approval. Ms. Ashcraft stated they had asked for a 12-month extension but would also accept a 9-month extension to be consistent with the other licensee's deadline.

Chair Douglas thanked Ms. Ashcraft for her comment regarding the deadline. Chair Douglas noted the conditions of awaiting issuance of permits and the cold weather factor.

Member Durrett made a motion to approve the extension request under agenda item VIII B with the new deadline being November 5, 2023, and with the condition of submission of financials for administrative review. Chief Staley agreed with that could be done with the TOI investigation. Member Neilander thanked Ms. Ashcraft for providing the background of what had been done. Member Merritt seconded the motion. All Members said aye. Motion carried.

VII. Petition filed Pursuant to NRS 678A.460(1)(d)

A. Sierra Cannabis Coalition's Petition to Request Amendments and/or Additions to Regulations 1, 6, and 11

Chair Douglas came back to agenda item VII and asked Mr. Will Adler to clarify for the record his present relationship and then discuss his petition. Following, the CCB will have an opportunity to comment in terms of questions and concerns. Finally, it will open to comment from parties in the industry and noted that pro and con comments were submitted. Chair Douglas noted that it was an important issue.

Will Adler stated he was with Silver State Government Relations and represented the Sierra Cannabis Coalition. Mr. Adler stated he previously worked with the Scientists for Consumer Safety, a laboratory coalition in Nevada, but that relationship has ended. Mr. Adler clarified that he does not represent laboratories with the Sierra Cannabis Coalition.

Chair Douglas stated there was a comment that parties were concerned about possible retribution by the Board. Chair Douglas added that the Board was concerned with that statement. Chair Douglas noted that Mr. Adler did not meet the definition of “party” by statute and so the Board needs to know who he represents. Chair Douglas stated the Board will hear the petition, but in the future when Mr. Adler comes before the Board in this fashion, he will need to state who he is representing so that the Board and other public parties have a better understanding of who is involved and what the representation is. The Board is not aware of being heavy handed one way or the other.

Mr. Adler stated the Sierra Cannabis Coalition is a coalition of cannabis license holders, in particular vertically integrated groups with multi-state operations and in-state operators that are cannabis cultivation and production facilities. Mr. Adler does not represent any laboratories but has been made aware of their positions on the petition.

Mr. Adler gave a brief history of Nevada’s testing policy, beginning with ILAC under the medical marijuana program. At that time, there was nowhere to look for regulations regarding testing cannabis and Nevada established its regulations based on what were thought to be best practices at the time. This included establishing a five-pound lot size which was what Colorado was doing. Other states have come up with different lot sizes going forward. Mr. Adler would like the Board to consider looking at beneficial changes going forward for everyone.

Mr. Adler stated one of the issues was definition of batch and lot. Mr. Adler commented that the definition of “batch” references “lot” and the definition of “lot” references “batch.” A batch is harvested at one time and must be separated into lots which takes time, resources, and money. Coalition members would like increased flexibility and would like an increase in lot size. Mr. Adler added that most cultivators combine lots that have passed testing into a single batch again to sell it to dispensaries. Mr. Adler stated they recommended 50-pound lot sizes for flower and trim. Mr. Adler noted that some cultivators were concerned with a 50-pound lot failing testing and more product having to go to secondary remediation or extraction; these cultivators may not want a 50-pound lot size but would like added flexibility with the lot size.

Mr. Adler provided an introduction to the production run and what had been established. The production run size was established to be 2.2 pounds. Nevada is the only state that limits production runs. Mr. Adler claimed that once a machine is loaded for production, the product that comes out is uniform. The Coalition felt that limited the size of a production run to a fixed number or weight did not gel with workflow or the ability to process things smoothly.

Mr. Adler explained the reasoning behind the proposed changes to Regulation 6. In Nevada, cannabis and cannabis products are tested at multiple stages. Mr. Adler claimed that only the final product needed to be tested to be safe for consumers. Mr. Adler added that some states sold untested product with only an attestation. The Coalition proposed removing the requirement to test a cannabis lot or concentrated cannabis prior to sale or transfer. Mr. Adler stated the petition proposed removing the requirement to gain approval from a Board Agent before R&D testing. This approval slows down the process and does not seem to be necessary.

Chair Douglas asked to hear from CCB attorneys and staff.

Mr. Rath provided a summary of CCB staff concerns. Mr. Rath stated that adopting the proposed changes as written was problematic as this is an area that needs further analysis, study, input from others in the industry, and possibly a workshop to flush out scientific details. Another concern was

that it is unknown who the members of the Sierra Cannabis Coalition are and how many members there are. Such a large increase in lot size will increase the risk of inaccurate test results due to a greater chance that microbials such as salmonella could be missed. The labs would need to collect a greater sample size and may need to run multiple tests in order to ensure the accuracy of the results. If a sample fails testing, then an entire lot may have to be destroyed resulting in the destructions of much more cannabis than under the current lot size. Based on those factors, there may not be much cost savings for the cultivators and producers. Mr. Rath stated the removal of a weight limit for a production run would create the same type of problems with inaccurate testing. Testing only the final product would provide less information on the final product as contamination sources are often detected in the initial raw cannabis or in an intermediate product. Some intermediate products can also be used as final products and not all failed usable cannabis may be appropriate for extraction. Staff does not feel that the removal of CCB approval for R&D testing is needed. There is a rapid turnaround time for CCB staff to respond to requests. Allowing CCB staff to review and approve these requests can reduce the risk of lab shopping. A licensee could get R&D completed at nine different labs and pick the one that it likes the most for its results. There should be some justification for R&D testing.

Chief of Inspection and Audit Kara Cronkhite stated that she agreed with everything that Mr. Rath stated. Ms. Cronkhite added that in regard to only testing final products, if a cultivator know that all of their products were going to go to production, that will discourage clean and sanitary growing methods. There would be a lot of inspector time utilized for trying to figure out who was using illegal pesticides or any other source of contamination. If usable cannabis is not tested, there is the potential that contaminated cannabis might make its way to a production facility that makes edible cannabis products.

Alicia Ashcraft provided comment on behalf of some of the cannabis testing laboratories included G3 Labs and Dr. Tung was present as a representative. Ms. Ashcraft agreed with Mr. Rath's comments. Ms. Ashcraft welcomed the opportunity to discuss the topics raised by the petition but requested that the Board dismiss the petition and take no action pursuant to NCCR 4.145(7)(a) as the petition fails to satisfy the basic requirements of the regulation. The document does not name the address and telephone number of the petitioner. Mr. Adler claimed the Coalition was acting on behalf of the alleged undisclosed members. Such members if they exist would be the true parties in interest and should be disclosed as required by the regulation. The identity of the petitioner must be included in the petition. Ms. Ashcraft encouraged the Board to consider whether a clandestine organization meets the interested party requirement. Since the Board is not subject to the Administrative Procedures Act, it is incumbent upon its members to ensure the protections of due process as an exempt agency. The crucial obligation being that the Board must adhere to its own regulations. Ms. Ashcraft urged Board to protect the regulations against undue and potentially harmful influences. The potential precedent set by the Board in accepting and acting upon the coalition's petition is dangerous and unwarranted. The Board was charged with protecting the cannabis industry from hidden and ulterior motives.

Kimberly Maxson-Rushton appeared on behalf of RSR Analytical Laboratories. Ms. Rushton agreed that there were deficiencies with the petition, specifically as enumerated under the requirements under NCCR 4.145. The petition fails to identify all individuals or groups that could be potentially impacted by the proposed regulatory amendment. It could impact the labs, the consumer, and patients. NRS 678B obligates all cannabis licensees to ensure the health and safety of the people of the state. This regulation will not meet that standard. Ms. Rushton requested that the petition be denied. A workshop will not cure the deficiencies. Ms. Rushton added that these testing standards have been in place since 2014-2015 and as indicated by Ms. Cronkhite, staff have worked on this with the intent of ensuring the protection, health and safety of cannabis consumers and patients.

Adam Fulton appeared on behalf of four laboratories and echoed the prior statements of the prior counsel for laboratories. Mr. Fulton stated his clients agree with their statements. Mr. Fulton added that his clients had major concerns with the lack of any science behind what is being proposed and what would ultimately lead to consumer safety violations. Mr. Fulton provided a number of the concerns. As lot size is increased, it becomes increasingly difficult to obtain a representative sample for analysis. It would be statistically impossible to obtain a proper representative sample for testing and would jeopardize consumer health and safety. Mr. Fulton stated that the petition gave an incorrect impression on states that have larger lot sizes; in Washington, a 50-pound lot size requires 19 samples. If adopted, the petition would require labs to directly violate many other NCCR regulations and standards. The regulatory scheme and SOPs developed by the laboratories in conjunction with the CCB have been developed over the course of eight years. The Board must reject the petition, or it will unwind eight years of work done by the CCB regulators and labs which have created the safest cannabis testing program in the nation.

Derek Connor appeared on behalf of MA Analytics, a Nevada licensed cannabis testing facility. MA Analytics agreed with the issues raised by G3 Labs, and they are joinder to that public comment.

Layke Martin appeared on behalf of the Nevada Cannabis Association who represent the majority of dispensaries across Nevada as well as cultivation, production, and distribution licensees. The NCA submitted written comment and was in support of the petition and noted that it raised significant topics for discussion. Ms. Martin added that Nevada was in the minority of states in terms of lot sizes; it was a topic worthy of discussion whether lot sizes could be increased to increase efficiencies and lower costs while maintaining safety. While it was not the NCA's petition, Ms. Martin offered assistance in bringing together labs, cultivation, production, and retail licensees to collaborate. Ms. Martin asked the Board to refer the petition to a workshop.

Will Adler asked to respond, and Chair Douglas stated that the Board would not take a rebuttal at this point. Mr. Adler asked to make a public comment and stated that as the petitioner, he communicated with the Director of the CCB and asked for direction on the filing the petition. Mr. Adler understood the concern in filing through the Sierra Cannabis Coalition. Mr. Adler stated the merits of the petition stand and there was a request to go to a workshop because he did not believe they were ready for immediate regulatory approval. Mr. Adler added that they asked for the changes they wish to see and then it's up to the CCB look further into the issues. Mr. Adler thought that the CCB would take the time to go out and see what best practices would be prior to a workshop. Mr. Adler did not think it was appropriate for him to draft all of changes that would be needed.

Chair Douglas stated that speaking as a member, the Board was charged with protection of the public and the industry. A misstep on behalf of the industry brings bad economic things to the industry. Chair Douglas asked what the best practices are. Chair Douglas has read the materials provided but not think it was ready to go forward today. It was important to the industry and needed to be looked at.

Member Neilander agreed with Chair Douglas. Member Neilander also did not know what the best practices are and there did not seem to be an agreement on what that is. Member Neilander needed more information in order to make a judgement. There is a legitimate concern on whether the petition is deficient. Member Neilander added that Mr. Adler has appeared before the Board numerous times, but what is the definition of an interested party.

Member Durrett asked Chief Cronkrite where the five-pound size came from. Chief Cronkrite responded that she did not recall where the amounts came from but a lot of the regulations at that time

came from the American Herbal Pharmacopeia. Lot sizes have been re-evaluated multiple times and due to the variability in batches, they have chosen not to increase the size. Member Durrett commented that there needed to be a balance on what is feasible and doable. How would you determine what would be the largest safe amount. Chief Cronkite responded that a representative sample is what is needed; to increase the lot size, the representative sample would need to be increased. The lab would need to collect more product and run more tests. If the lot failed testing, it would only be the five pounds.

Member Durrett agreed with the Chair and Member Neilander that there needed to be a discussion. Member Durrett stated the comments indicated that the science supported that amount, or the amount was based on science, but Member Durrett has not seen those numbers.

Member Durrett asked Mr. Rath when an association can appear on behalf of its members. Mr. Rath responded that was a line that the Board would need to decide to draw. Mr. Rath reviewed the statute that allowed for the petitions and found that it was taken from Gaming. Gaming had a definition under their declaratory orders regulation that was broad; it was anybody who might be impacted basically by the gaming statutes and regulations. The Board could take a narrow or broad view.

Member Durrett agreed that the Board shouldn't overlook parties not fulfilling all the requirements under the petition, but the Board could bring this up on their own. Member Durrett thought it was a widespread issue and supported looking at the issue going forward.

Member Young commented that it was being brought up that other states were doing it differently, but that doesn't necessarily mean they are doing it better. It is most important to protect the consumer. There were a lot of issues brought up that need further analysis in terms of the science for the lot size versus the positive and negative results. Member Young did not know if it was ready to move to a workshop. There were questions brought up by Mr. Adler and the labs and Member Young would like to receive more information and see if change was appropriate.

Member Merritt agreed with many of the comments by the Board and agreed with the Chair that it was not a decision that the Board can make now. More information and more research are needed.

Member Durrett added that the State's policy is to protect the public health, but also the cannabis industry is beneficial to the economy of the state and the general welfare of its residents. Member Durrett stated that they need to support the industry as well.

Chair Douglas was in favor of dismissing the petition but would like to see a workshop in February or March. Nevada was one of the leading jurisdictions in sales. Other jurisdictions have now weighed in. The Board is trying to balance best practices, protection of the public, and economic interest. Chair Douglas recommended denying the petition and look toward having staff formulate questions to ask the industry before having the workshop.

Member Neilander commented that there was a divide between the petitioner and the labs. Member Neilander thought it could be put to those parties to work together and try to come to a compromise before coming back to the Board. In addition, CCB staff could look further into the issue. Member Neilander did not think the petition was the right place for it as he did not think it met the regulation 4 qualifications. Member Neilander agreed to deny the petition and direct staff to drill into the issue in collaboration with the parties; the parties could meet separately from staff to hopefully come up with a compromise. Member Neilander thought there needed to be best practices, but he did not know what those were.

Member Durrett made a motion to dismiss the petition due to procedural deficiencies and the Board would like to see a workshop be conducted by end of February or March. Member Neilander seconded the motion. All Members said aye. Motion carried.

IX. Briefing from the Chair and the Executive Director

Chair Douglas stated that they received notice from Legal Aid Center of Nevada that they have a dedicated unit of attorney and advocates for cannabis and criminal record sealing. A Clean Slate legal assistance program is now staffed for consultation and case representation. Chair Douglas noted that elections have been completed and the legislative session coming in February.

Director Klimas stated that the NCA offered to help in regard to the petition and it would be very helpful for staff if those conversations happened with the petitioner and the labs. It would be helpful to have some of the issues flushed out before the workshop.

X. Next Meeting Date

The next Board meeting is scheduled for December 13, 2022.

XI. Items for Future Agendas

Chair Douglas noted that Board members could submit items for future agendas.

XII. Public Comment

Timothy Eli Addo provided a comment on the petition, the ILAC team and where things are today. There have been good regulations and some bad. We should continue to adopt good regulations to protect the consumer. Mr. Addo was glad the petition was denied because it would have been a huge liability for consumers.

Will Adler on behalf of Silver State Government Relations and the Sierra Cannabis Coalition thanked everyone for their time and hearing of the petition. Mr. Adler would take the opportunity to work with the Nevada Cannabis Association and invite laboratory participation. The goal of the petition was to get a workshop on laboratory testing in Nevada. Mr. Adler did not think that the workshop should be limited by the matters raised in the petition.

XIII. Adjournment

Meeting adjourned at 11:35am.