Nevada Cannabis Compliance Board
Meeting Minutes December 13, 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 9:35 a.m. on December 13, 2022. Meeting start time was delayed due to technical difficulties.

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 the following items were pulled from the agenda: Agenda Item III A (2) and Agenda Item V A. Chair Douglas asked that any public comment regarding Agenda Item VI be held until that item is called.

I. Public Comment

Nicole Buffong represented Minorities for Medical Marijuana and the Chamber of Cannabis. Ms. Buffong thanked the Board and staff for the transparency during the consumption lounge selection process and congratulated the selected applicants. Minorities for Medical Marijuana and the Chamber of Cannabis will begin advocating in Legislature with a new Senate Bill from Senator Dallas Harris. Ms. Buffong asked the Board to continue in open dialogue with activists and industry leaders to implement solutions.

Tanya Haven stated she will be working with Sportscore to promote cannabis at the Rock and Roll Marathon. Ms. Haven thanked the Board for their continued work.

Rachel Lee of Sunflower Compassionate Company stated she received a prospective license. She will assist kids in foster care treatment centers that have existing programs.

Judah Zakalik stated he was an attorney and licensee, and now is the co-director for Minorities for Medical Marijuana. Mr. Zakalik looked forward to working with the Board and growing the industry in a fair and equitable manner.

II. Meeting Minutes

A. Consideration for approval of the November 15, 2022, Cannabis Compliance Board Meeting minutes.

Chair Douglas asked for a motion from the Board. Member Merritt made a motion to approve the minutes. Member Durrett 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 8, and NCCR 10.

Member Durrett made a motion to approve service of the complaint for disciplinary action in agenda item III A (1). 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. Green Cross of America, Inc. (Case No. 2021-49)

Senior Deputy Attorney Mike Detmer presented the proposed settlement agreement for Green Cross of America. The matter arose from a summary suspension order that was placed on the respondent on or about August 26, 2021, as well as a disciplinary complaint that was later filed and served on the respondent on or about October 26, 2021. The violations in the complaint mirrored the summary suspension and included five Category I violations for operating a cannabis establishment without a valid license, failing to admit CCB agents into an establishment as required, and providing false statements to CCB agents. In addition, there were ten Category II violations for failing to maintain required security and/or surveillance systems, fifteen Category III violations for failing to meet requirements for the seed-to-sale tracking system, and seven Category IV violations for agents operating without a valid agent card. The violations could lead to revocation of the licenses and a civil penalty totaling $565,000.

Mr. Detmer stated the terms of the settlement agreement to resolve the matter included respondent's admission to one Category I violation for operating an establishment without all required licenses, one Category II violation for failing to timely renew a license, one Category II violation for failing to maintain a required security system, one Category III violation for failing to follow seed-to-sale tracking requirements, one Category III violation for storing or delivering cannabis outside the seed-to-sale tracking system, and three Category IV violations for failing to have cannabis establishment agents in possession of valid agent cards. The respondent agreed to pay $300,000 civil penalties, sell the subject licenses to a third party and the current owners do not retain any interest in Green Cross after the sale. Should the Board approve the agreement, all current owners must surrender their agent cards for Green Cross and the licenses will revert from suspended status to conditional status. Respondent has submitted a plan of correction that was approved by CCB staff. This was a summary with the full terms contained within the settlement agreement. The agreement considered the facts and circumstances of the case and mitigating factors including the corrective actions, respondent's cooperativeness during the disciplinary action, respondent's admissions to the violations, the sale of Green Cross and the owners divesting themselves of agent cards and interest in Green Cross. The Attorney General's Office requested and recommended approval of the settlement agreement.

Derek Connor appeared on behalf of Green Cross. Kevin Singer appeared as the appointed receiver for Green Cross. Mr. Connor stated Mr. Detmer provided an excellent summary and thanked the Attorney Generals and staff for their work on the matter. Mr. Singer stated his obligation was to make sure the fines and penalties are paid and to bring new reputable, credible operators for approval.

Member Neilander asked if the potential buyer was aware of the conditions in the corrective action plan. Mr. Connor responded affirmatively and added that the third-party buyer has retained competent cannabis counsel.

Member Durrett asked who would be financially responsible for paying the fine. Mr. Singer responded that the money would come from the sales proceeds.

Member Durrett made a motion to approve the settlement agreement under agenda item IV. Member Merritt 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. Libra Wellness Center, LLC (TOI# 200012 - 200024, 200026 - 200031, 200033 - 200068) (C149, RC149, P094, RP094, T047)

Chair Douglas noted that agenda item V A was pulled.

B. Cannavative Farms, LLC (TOI# 2200020 – 2200023) (C071, RC071), Cannavative Extracts, LLC (P043, RP043), and Top Strike Resources Corp.

Chief Staley stated the TOI applications 2200020 – 2200023 were filed to request approval for the acquisition of Cannavative and its licenses by Top Strike Resources Corp. The acquisition will be completed through the subsidiary Vencanna Acquisition Inc. Scott Wyre and Ross and Lisa Kline will acquire some ownership of Vencanna through the conversion of stock units. Mr. Wyre and Mr. Kline will serve on the Vencanna board of directors. Vencanna has requested waivers pursuant to NCCR 5.112 and 5.125 of the requirements of NCCR 5.110 regarding the review of all owners. Staff suggest that if approved, the Board limit the waivers to expire on Vencanna's next TOI application. Staff identified no areas of concern.

Chair Douglas asked Chief Staley if there were any objections to the transfer of ownership of less than 5%. Chief Staley responded there were not.

David McGorman, CEO of Top Strike Resources Corp., Jon Sharun, Executive Chairman and CFO of Vencanna, Scott Wyre founder and board member of Cannavative, Ross Kline, CEO of Cannavative, and Steve Blackhart, advisor, appeared on behalf of the agenda item.

Member Neilander asked what the experience has been with creating a SPAC and what is the timing on the IPO.

Mr. McGorman responded that the SPAC was a special purpose company that was a subsidiary whose purpose was to acquire the shares of Cannavative. It is not a special purpose public company on NASDAQ. Mr. McGorman stated they were already trading on the Canadian Stock Exchange. Their audits need to be finished and be acceptable to the Canadian Stock Exchange.

Member Neilander made a motion to approve agenda item V B conditioned with the waivers to expire on such agenda date as Top Strike's next application is heard. Member Durrett seconded the motion. Member Durrett asked about the transition. Mr. McGorman responded the entire Cannavative team will be continuing; they would expand and bring Cannavative opportunities. All Members said aye. Motion carried.

Chair Douglas called for a recess at to correct audio issues.

C. Harvest of Nevada, LLC (TOI# 21059) (C205, RC205, P136, RP136) and Vertical Horizon, LLC

Chief Staley stated TOI 21059 was filed by Jasmeet Sandhu and Arshdeep Dhillon through their entities to Green Enterprises, LLC and Vertical Horizon, LLC to acquire 100% of the licenses held by Harvest of Nevada, LLC. No areas of concern were identified by staff.

Chair Douglas asked for comment on the management services agreement that had been in place. Chief Staley responded that Vertical Horizon had a previously Board approved management services agreement with Harvest of Nevada. They had been working on the build-out in West Wendover and waiting for the TOI process to be completed. With the acquisition, the MSA would no longer be required.

Alicia Ashcraft appeared on behalf of Harvest of Nevada and was available for any questions. Jasmeet Sandhu appeared in person and stated that Arshdeep Dhillon was supposed to appear via Zoom.

Member Durrett asked what the plan was for the facility going forward. Mr. Sandhu responded that that the plan was to complete the construction and then operate the facility. Ms. Ashcraft added that the facility had obtained an extension at the previous board meeting; the ground was frozen.

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

D. Healing Gardens, LLC (TOI# 21069) (C121, C065, RC065), Sensible Edibles, LLC (P076, P031, RP031), and Washoe Dispensary, LLC (D057, RD057)

Chief Staley introduced the item and stated that TOI 21069 was filed to request various ownership changes in parent companies Common Sense Botanicals Nevada, LLC and Common Sense Botanicals. The ownership changes do not impact the three licensees but change the ownership structure of the Common Sense companies due to capital calls and removal of some owners. An early suitability review for a consumption lounge license was completed in conjunction with the TOI investigation. Common Sense Botanicals was found to be suitable for the requested TOI and for a consumption lounge license. The early review did not include specifics related to the operations and location of the proposed lounge; CCB audit and inspections will still need to investigate. No areas of concern were identified.

Ed Alexander appeared on behalf of the licensee. Member Neilander asked Mr. Alexander what his view of the market was and how his operations were going. Mr. Alexander responded that the company was doing well. From an industry standpoint, there were things that needed to be addressed in the upcoming session from Taxation and various other levels of concern for industry strength. Member Neilander noted that Mr. Alexander had been in the industry a long time and commended the charitable work that he has done. Mr. Alexander added that the industry also needed room to breathe and not be overly restrictive with the consumption lounges; it does not make sense to hamper or inhibit growth. Mr. Alexander commended the work of the CCB.

Member Neilander noted that there were no areas of concern on this agenda and the backlog has been cleared from the previous agency. Member Neilander hoped that the Board and industry could work together. Director Klimas asked Chief Staley to confirm. Chief Staley provided an update on the status of the applications and added that new measures had been implemented and the lead time for an investigation had gone from two years to five or six months.

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

Chair Douglas held agenda item VI and called for agenda item VII.

VII. Consideration for Approval to Extend Final Inspection Deadline

Chief of Administration Steve Gilbert presented the request to extend the February 5, 2023, deadline to have the final inspection.

A. Qualcan, LLC (RD222)

Chief Gilbert stated provided background information and stated that Qualcan requested an extension on November 1, 2021, and was granted an extension of the February 5, 2022 deadline to February 5, 2023 at the November 16, 2021 Board meeting. On November 3, 2022, Qualcan submitted a second request to extend the deadline for final inspection to February 5, 2024. Qualcan reported that on September 15, 2022, the Carson City Board of Supervisors approved a petition which increase the number of cannabis retail stores from two to four, lifting the moratorium on retail stores. Retail stores no longer need to be co-located with a medical marijuana dispensary. A special use permit was approved at the September 28, 2022, Carson City Planning Commission meeting. Staff have identified no areas of concern.

Michael Cristalli appeared on behalf of Qualcan. Mr. Cristalli stated that Chief Gilbert's summary was accurate and added that it was a land development project with multiple uses. It will be a ground up construction that will take some time.

Member Neilander asked what timeline the licensee was asking for. Mr. Cristalli responded that would expect a year extension but was concerned about that timetable considering the construction, but they would try to advance the project as far as they could. Mr. Cristalli stated he would be happy to provide status updates to the Board throughout the construction phase.

Member Neilander commented that the request was for an extension through February 5, 2024, and added the licensee could request additional time if needed. Mr. Cristalli hoped that that project would be completed by then with all approvals.

Member Neilander noted that the date would align with the other requests and asked Chair Douglas for his thoughts. Chair Douglas asked for clarification on the date. Chief Gilbert responded that it had been for November 5, 2023. Chair Douglas recommended keeping it at the November 5, 2023 date, understanding that the licensee could provide an update.

Member Neilander made a motion to grant the extension for the deadline to November 5, 2023. Member Young seconded the motion. All Members said aye. Motion carried.

B. Deep Roots Harvest, Inc. (RD401)

Chief Gilbert provided background information on Deep Roots Harvest and stated that Deep Roots requested an extension of the February 5, 2022 deadline on October 4, 2021. The Board granted the extension to February 5, 2023 at the November 16, 2021 Board meeting and directed Deep Roots to provide an update if unable to make progress due to the moratorium in Henderson. Deep Roots submitted a second request on November 30, 2022 for an extension. A moratorium is still in place in Henderson that requires a co-location for medical and adult-use cannabis facility. Deep Roots reported that it has continued discussions with Henderson. Staff identified no areas of concern.

Lori Rogich and Jon Marshall appeared on behalf of Deep Roots Harvest, Inc. Ms. Rogich provided an update and stated that the Henderson Mayor-Elect and City Council will guide the cannabis industry and may discuss whether the moratorium will be lifted. Deep Roots has spent time and resources to perfect its license and requested an extension of time for the Henderson license consistent with other licensees to November 5, 2023, and a 14-month extension after the date the moratorium lifts.

Chair Douglas noted the difficulties the licensee has had and that it was a decision for the local jurisdiction to make. Chair Douglas thought the extension should be granted.

Member Durrett commented that there may be a change to the approach going forward with the new mayor, but if there isn't then there will need to be serious discussions.

Member Durrett made a motion to grant the extension for final licensure to November 5, 2023. Member Merritt seconded the motion. All Members said aye. Motion carried.

VIII. Consideration of future meeting dates for hearing in Cannabis Compliance Board vs. Cannex Nevada, LLC now known as Lettucetest, LLC (Case No. 2020-27)

Chair Douglas stated that he received a document that he requested from the CCB as to available dates to do the second part of the hearing. The available dates of January 5, 9, 17, 18, 19, 23, 25, 30, or February 2, 6, 13, 14, 15, 16, 22, 27, or following the January 24 Board meeting were provided. The motion to dismiss was previously heard and a decision was sent out and the matter will now be heard by the Board. Chair Douglas stated the dates would be sent out and asked the parties to provide four dates that will work to assist in determining a single date.

Chair Douglas came back to agenda item VI.

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

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

1. NCCR 5.020. Request for applications to operate a cannabis consumption lounge: Notice by Board; required provisions; time period for submission of applications. (for possible action)
2. NCCR 5.025. Submission of application by person who holds medical cannabis establishment registration certificate for cannabis establishment of same type; issuance of license; refund of fee if application not approved. (for possible action)
3. NCCR 5.030. Submission of application by person who holds medical cannabis establishment registration license for cannabis establishment of same type or different type; submission of application by person in response to request for applications. (for possible action)
4. NCCR 5.035. Request by the board of county commissioners of the county to increase percentage of total number of medical cannabis dispensaries. (for possible action)
5. NCCR 5.040. Submission of application for a cannabis consumption lounge license. (for possible action)
6. NCCR 5.045. Cannabis consumption lounge prospective and conditional licenses. (for possible action)
7. NCCR 5.050. Cannabis consumption lounge final licenses. (for possible action)

Deputy Director Michael Miles introduced the proposed changes to Regulation 5. At the September 27, 2022 Board meeting in response to White Pine County's petition to amend Regulation 5, the Board directed staff to amend Regulation 5 to allow counties that don't have medical cannabis cultivation or production facilities a process for those counties to obtain such medical marijuana establishments in accordance with NRS 678B.220(3). NCCR 5.020 was updated to include all kinds of establishments in the new licensing procedures rather than just consumption lounges. NCCR 5.025 and 5.030 were repealed as those regulations were no longer applicable. NCCR 5.035 was updated to create a process where counties could petition the Board for a medical cannabis cultivation or production facility pursuant to NRS 678B.220(3). NCCR 5.040 was updated to include all cannabis establishments in the new licensing procedures rather than just consumption lounges and a few housekeeping items. NCCR 5.045 was updated to all cannabis establishments in the licensing procedures rather than just consumption lounges. NCCR 5.050 was updated to all cannabis establishments in the licensing procedures rather than

just consumption lounges.

Chair Douglas noted that White Pine County provided written public comment with their concerns. Additionally, the Nevada Cannabis Association submitted a letter. Chair Douglas asked for public comment.

Brianna Padilla with the Chamber of Cannabis echoed concerns noted in other public comments submitted as it related to the potential for the lottery system used for lounges to be applied to these new licenses should the application process result in more applicants than licenses available. Ms. Padilla encouraged the Board to lean toward the legislative policy of awarding licenses according to merit as outlined in NRS 678B.240 and NRS 678B.280 rather than the use of a lottery system for consumption lounges.

Amanda Connor expressed concern that the proposed regulations do not adhere to the statutory requirements. The issuance of licenses other than consumption lounges require that they be done on the basis of merit. Only in NRS 678B.327 in the issuance of lounge licenses is a lottery permitted. Ms. Conner requested that the Board reconsider the proposed regulations to make sure they stay within the statutory confines.

Will Adler from Silver State Government Relations referred the Board to the letter from White County Manager Mike Wheable that dictates some of the concerns heard at the meeting. Mr. Adler echoed the concerns of the Chamber of Cannabis and Ms. Connor. In the case of White Pine County's medical cultivation and production licenses, those should be based on merit or multiple licenses given out as those are not capped license categories.

Layke Martin appeared on behalf of the Nevada Cannabis Association. Ms. Martin reiterated that the lottery was authorized for lounges but not for other license types. The statute requires that the Board consider merit when issuing licenses for non-lounge applications. Ms. Martin noted that the CCB was seeking to modify those statues in the next legislative session. Ms. Martin requested to amend that section or move to a public workshop to discuss further.

David Goldwater appeared on behalf of his dispensary Inyo Fine Cannabis and other Nevada Cannabis Association members. Mr. Goldwater referred the Board to the letter he submitted and agreed with Ms. Connor's comments. Mr. Goldwater recommended coming back to this when legislature convenes as to whether it is merit-based or a lottery.

Chair Douglas asked for comments from the Board. Member Durrett commented that there is an argument that you can do a lottery and a merit-based selection but thought there needed to be more discussion on what that would look like. Member Durrett added that there was a comment that the industry as a whole was not paying attention to this as the CCB was not going through a licensing round. Member Durrett thought there needed to be additional input from stakeholders. Member Durrett noted that the merit-based system could be improved and possibly used in conjunction with a lottery, or it needs to be changed at the upcoming legislature. Member Durrett had concerns with the language and thought that the dispensaries needed to be separated from the cultivation and production; the cultivation and production licenses are based on the need for them. Dispensary licenses have been limited. Member Durrett asked if these regulations would also apply to distributor licenses or is there an exception.

Deputy Director Miles responded that there would only be a lottery if there were more applicants than licenses. Member Durrett did not think that all of the licenses should be lumped together and should be taken separately. Deputy Director Miles noted that it was being called a lottery system, but it was actually a two-part application process. First, there is the application to fill out to meet the minimum

criteria. Then, everyone that met the minimum criteria would go to a random number selector based on how many licenses were available. As an example, the consumption lounge applicants are still in the application process. Those selected have moved into the suitability check which is a merit-based check of the consumption lounge license procedures. The process was initially put together for considering all license types and was also based on lessons learned from the prior lawsuit.

Member Durrett commented that they weren't necessarily drafted with industry input and that was her initial concern. Member Durrett agreed that it was a hybrid process with the merit-based selection. Member Durrett asked if there was a smaller jurisdiction with two licenses, what would happen if one applicant was extremely well-qualified and the other only met the minimum requirements; the local jurisdiction should have a say in who gets the license. Member Durrett wants to hear from industry stakeholders and there is not a rush to put this in place.

Chair Douglas thought that the Board should go forward with the proposed regulations. There was a great deal of criticism in the last licensing round with the merit-based ranking, favoritism, and insider trading that is still in litigation. The question is when you start ranking subjectively, it is problematic. The other issue is as a licensing board, are we cutting out a segment of the population or other individuals who wish to do business in Nevada if the higher rankings go towards people who have already been in the industry. This allows for transparency and there isn't a question of what is being done in back rooms. Chair Douglas applauded the industry for their work, but they represent their interests whereas the Board should represent the interest of all Nevadans and not just the interests of those already in the business. Some of the laws that have been given to the CCB give the current licensees an extra leg up and Chair Douglas thought that was wrong. The Board must adhere to what legislature provides and this attempts to do that within this two-prong process. Chair Douglas appreciated Member Durrett's comments but thought that the Board could go forward in this one area for the County that has come forward and asked the Board to move.

Member Neilander agreed with Chair Douglas's comments and the Board has come far with what was inherited. The consumption lounge regulations have worked well, and these regulations mirror those. The consumption lounge license process was fair or transparent. The regulation seemed to be in order, but Member Neilander was not opposed to a workshop. Member Neilander noted there was still the suitability review, so it is not random.

Member Merritt agreed that hearing more voices would be good and also thought Chair Douglas made good points. Member Merritt commented that there were correct points on both.

Member Neilander agreed with Member Merritt's comments. Member Neilander noted that legislature has not given a lot of guidance but maybe that will happen in the next session.

Member Durrett agreed with removing subjectivity but would like to hear from industry stakeholders. A public workshop needs to have meaningful notice and the opportunity to provide input. Member Durrett thought the license types needed to be considered separately.

Chair Douglas noted that the Board is not talking about all license types but a single license type within a jurisdiction. The Board is not authorized to go forward with other licensing rounds at this point so there is time to make additional changes or have the legislature weigh in. Chair Douglas added that he valued the input of the licensees, but they are not the only constituency of the State of Nevada. The Board licenses the industry; the industry doesn't license its licensees. It is problematic for those in the industry to say they are better because they have been in the industry. Chair Douglas was hearing that the industry wanted to stick with the merit-based system, did not want to change and he had a problem with that.

Chair Douglas asked for a motion from the Board. Member Durrett made a motion to hold a public workshop. Member Merritt seconded the motion. Chair Douglas asked for a vote. Member Durrett and Member Merritt said aye. Member Neilander commented that there may be an option to have the workshop but then to get it on for approval if there aren't major changes. Member Neilander was fine with the regulation but would not oppose going to workshop. Chair Douglas asked Member Neilander if he was saying yes for the public workshop. Member Neilander responded affirmatively. Member Young asked if the regulations could be approved and also schedule a workshop; he was concerned that this would further delay the matter. Chair Douglas confirmed that the motion was to hold on the regulation, schedule a workshop, and try to move it forward quickly. Member Neilander asked if the regulation could be approved with a later effective date to allow for more public input. Chair Douglas asked what the timeframe would be to hold a drawing if there was more than one applicant. Director Klimas responded that there would be a thirty-day notice prior to the application window, a ten-day application period, hold the random number selection at any time if needed, then the suitability review and board approval. Director Klimas added that it also costs money to bring in the equipment to perform the random number selection; this may need to go before the IFC [Interim Finance Committee]. Chair Douglas noted that White Pine may be looking at a March or April timeframe. Chair Douglas asked for Member Young's vote. Member Young voted against the motion for a workshop. Chair Douglas voted against the motion for the workshop for the reason's he stated. The motion carried 3-2.

B. Regulation 12. Packaging and labeling of cannabis products
   1. NCCR 12.065. Cannabis treated with radiation. (For possible action)

Chief of Audit and Inspection Kara Cronkhite provided an introduction to the proposed changes to NCCR 12.065. Chief Cronkhite stated that based on the feedback received after the CCB requested recommendations on language for the label. Chief Cronkhite read the proposed language into the record and added that it must appear on any label leaving the cannabis establishment once the cannabis or cannabis product has undergone treatment. It does not apply to cannabis sent to extraction after failure of laboratory analysis as a method of remediation as long as it is labeled in compliance with NCCR 12.035(1)(l) and NCCR 12.045(1)(n). The label would state the words "This product has been treated with" and then insert the method of treatment such as ozone, x-ray, UV or a specific chemical. Chief Cronkhite clarified pursuant to NCCR 12, the label must be affixed to or included with a package; it could be a QR code affixed to the package or included in the package, or a handout that is placed in the exit bag. The method of treatment on the label can be the common name and not the exact brand of equipment or exact chemical unless they want to do so.

Chair Douglas asked for public comment.

Nick Puliz, part owner and GM of THC Nevada Cultivation stated that any treatment methods used are approved treatment methods because they are safe and effective. Mr. Puliz asked what the difference between pre-harvest microbial decontamination and post-harvest is, and why is the label required just for post-harvest decontamination. How is it justified to be any different or more important information for the consumer to be needed to go directly on every product. Treatment methods and pesticides are disclosed on the soil amendment. Mr. Puliz did not believe there was a difference between pre- or post-harvest treatments and thought the proposed language should be on the soil amendment. The public can be informed that is where the information on the cannabis product is. Mr. Puliz thought that with the current language, the label would negatively affect the industry as it is misleading and will reduce demand for clean, legal, taxed, lab-passing flower. Mr. Puliz thought it would send people back to the black market as employees and consumers may rather consume black market flower over something that has been x-rayed or radiated. Mr. Puliz thought it would be difficult to see with the label and asked that the language be included on the soil disclosure.

Chair Douglas asked Mr. Puliz what was misleading? Mr. Puliz responded that the public would not understand what the clean processes are and would be misled to think that something wrong or bad happened to it and wouldn't want to use it because they don't understand the terms.

David Goldwater of Inyo Fine Cannabis Dispensary stated he submitted a letter for the Board to refer to. Mr. Goldwater added that in the cannabis industry, when a product is transferred from wholesaler to the retailer, it does not come fully labeled. The dispensary puts an extra label on. Mr. Goldwater commented that ill-defined terms make it incumbent on the dispensary to understand or know whether or not that treatment occurred regardless of what the wholesaler tells them; there is no way for the dispensary to know that. Mr. Goldwater thought that the soil amendment was appropriate.

Chair Douglas asked Mr. Goldwater what information is provided as to the product. Mr. Goldwater responded that they are provided with the laboratory results and the soils. Those are the items they print and put on the label.

Member Young asked if there was any additional information that isn't on the label that was required to be placed on there. Mr. Goldwater responded there were some disclosures that are required and put in the receipt in the bag. Member Young asked what was the specific disclosure for the batch or product that was applied on the label. Mr. Goldwater replied that the top three terpenes for example.

Member Durrett asked what the dispensary added that was unique from cultivation. Mr. Goldwater stated that the establishment name, some safety warnings, terpenes, lot number.

Chief Cronkhite clarified that all cannabis or cannabis products leaving cultivation or production must have a label; it does not need to be affixed to every individual package but can be on the outside of the box. The dispensary should have all of that information, just as if a product was extracted using butane; that is required to be on the label leaving production.

Member Durrett asked Chief Cronkhite if it was an edible product, the label had to be attached and the option to include it isn't acceptable. Chief Cronkhite responded that it has legally changed so that it is now consistent with all cannabis and cannabis products. Anything that was considered very important such as certain warnings, ingredients or allergens, has been a packaging requirement; anything more of a disclosure or THC content has been moved to the label which can be included with it.

Mr. Goldwater thought that the definitions were a bit looser with any thermal process and it would be incumbent upon the dispensary to know even if the cultivator doesn't provide that. Chief Cronkhite responded that the process would be approved by a board agent and has to be for the purpose of reducing or eradicating microbial contamination. The cultivator would be aware if the thermal process was approved for that purpose, and they should put it on the label. The responsibility would go to the cultivator or producer, whoever was treating the cannabis. The onus would not necessarily go to the dispensary.

Member Durrett asked what the reaction from the dispensaries would be. Will they not buy from those cultivators anymore, is it too complicated, or will it be incorporated into new business practices. Mr. Goldwater replied that he wants to be compliant and pays careful attention to what comes over from the cultivator to ensure everything is labeled correctly. If he were to miss a batch or somebody fat-fingered something and didn't put something in there, then he is more at risk. Mr. Goldwater would be more likely to only buy from people who did not engage in any thermal process to avoid the risk.

Amanda Connor commented that the proposed regulation contemplates requirements to labels but the regulations pertaining to labels do not incorporate the requirement language. The regulations do not have

the option to add the required disclosure therefore there is a conflict. Ms. Connor recommended the clarification be added. Ms. Connor stated she heard that there was concern about taking on the compliance risk in accepting these products, especially when the regulations are not clear with regard to labeling when they conflict.

Kimberly Maxson-Rushton appeared on behalf of RAD Source Technologies. Ms. Rushton thought there were issues with the regulation. RAD Source objected to it and thought it was targeted specifically for RAD Source. There is concern that the products won't be sold in dispensaries. Ms. Rushton stated the regulation does not tie to any statute and there has not been an expressed intent disclosed why the regulation is needed. Mr. Rushton added that no other state required this. Ms. Rushton added that certain cannabis products are more likely to develop microbials faster post-testing when not treated; that is the cultivators prerogative. Mr. Rushton thought it was overly burdensome on the industry. Based on the three reasons of the legal infirmities, the lack of scientific evidence supporting the regulation, and the burden it will cause, Ms. Rushton requested that the regulation be repealed.

Chair Douglas commented that he understood the industry's concern but added that the public have voiced their concern that they want to know what's there. They like the certainty of buying lawfully sourced product. Chair Douglas would like to know the response to satisfy that and not be overly burdensome to the industry. Ms. Rushton responded that an alternative would be to add it to the soil amendment. Colorado defines decontamination as healthy-based and it demonstrates to the consumer that it is for their protection. Ms. Rushton added that the CCB could add to its website various approved treatment methods, so the consumers know they have been approved for safety. Ms. Rushton thought that it was misleading and did not want the public to think that a product that has been decontaminated had a safety or health issue. Treatment is positive and an alternative could be found that is not overly burdensome or prevent the industry from no longer treating their product.

Member Young asked what the difference was between being on the label versus being on the soil amendment. Ms. Rushton responded that she would defer to cultivators in response to that question, but it was her understanding that the information on the soil amendment would junk up the label and added cost to amend the label which is the first point of view for the consumer. Certificates of analysis and soil amendments are available and can be asked for if the consumer wants to know how the product was treated. The cultivator's position is not to add something to the label that could lead the consumer to think that there is something harmful about the product.

Dr. Pejman Bady stated his position was that patients and physicians need to know about the treatment and all other information on what the patients will be exposed to. Dr. Bady asked the Board to consider the medical, scientific, ethical, and economic impact. Dr. Bady stated that when a medicinal product is labeled directly on the packaging or bottle, it is usually a warning to direct the patient to an important life-threatening message. Dr. Bady asked why 12.065 was only requiring treatment disclosures post-harvest as opposed to when the plant is alive and absorbing the highest concentration of chemicals. The economic impact of labeling will add another step to the existing tedious and cumbersome process and will make it less profitable for dispensaries. The issue would be resolved if a warning label was placed on the soil amendment along with the other treatments that plant has gone though. Dr. Bady added there had been a lot of comments at previous meetings both pro and con, and there is a sense of urgency to get it over with. Dr. Bady thought that the rules from two years ago aren't responsive to the issues of today. The largest purchaser of cannabis in the state has filed bankruptcy and the industry pays many taxes. The industry has gone through three government bodies each with its own regulations; to add more regulations before completing the current issues does not afford the industry due process. Dr. Bady added that it would be devasting to patients to take away the medical cannabis program.

Member Young asked Dr. Bady if he was against the disclosure to the public or against the disclosure being on the label. Dr. Bady responded on the label. He believed the patients should know what is contained in what they are consuming but did not think it was appropriate to have it on the label with a warning that scares patients away. Dr. Bady thought that Member Young stated in discussion they had that he would recommend that a cancer patient find a product that was treated. Member Young responded that in that conversation, he did not say he would personally recommend that to patients. Member Young stated that an oncologist might recommend that an older patient might search for that on their own. Member Young would not have a problem with a patient using any cannabis products since they are essentially all safe.

Matthew Bliven appeared on behalf on Circle S Farms and thought that the label would have devastating effects on cultivators. Cultivators have spoken with industry and found that any extra effort that has to be taken by the dispensary will result in a lack of purchase of this material. Mr. Bliven stated the USDA attempted to educate consumers on the irradiation practice between 2000-2004. Mr. Bliven showed the Radura symbol at a previous meeting and no one recognized it. Mr. Bliven thought the this would misinform the consumers because they hear radiation and have a negative connotation to the word without having done any research. Mr. Bliven thought that RAD Source treated product was better; untreated product that sits on shelves grows microbials in the packaging and could fail required testing. So should the people that don't use the treatment post warnings on their product that the product may contain unsafe microbials after a certain amount of time. At what point is untreated flower unsafe? Mr. Bliven was not saying to not inform the customers but did not want to scare them away. Mr. Bliven asked for a fair practice to put out the information in way that would not harm the industry.

Will Adler appeared on behalf of Silver State Government Relations. Mr. Adler commented that this regulation had a "fill in the blank" for the label. Mr. Adler was concerned with the chain of operations and ownership of the products. There was the possibility of more human errors. Chief Cronkhite added the onus of the accuracy of the information goes to whoever provided that information.

Jon Marshall, Chief Operating Officer of Deep Roots Harvest, echoed the sentiments made. Mr. Marshall commented that the industry was very burdensome on a lot of regulatory levels, most of which he had no problem complying with. The radiation technologies have been proven effective. Mr. Marshall thought the soil disclosure was a good place to add it. Pre-harvest and post-harvest treatments of products should be synonymous.

Rob Slingerland of EBC Ops echoed many of the statements made by follow colleagues. Mr. Slingerland thought the language was overly broad and will lead to unintended consequences. Language that leads to misunderstanding is not a positive move forward for the industry at a time when it is struggling. If the Board moves forward, Mr. Slingerland supported placing it in the soil amendment.

Salpy Boyajian appeared on behalf of Flower One. Ms. Boyajian thought the issue was making sure the way in which the information is being presented or identified on the label or being brought to the consumer. Ms. Boyajian stated that reading the public comments showed how much information was out there. Irradiation and radiation are two very different things. A lot of the world is misinformed and that is why they are saying that they are going to misunderstand the intent of putting it on the label. The compliance label is meant to tell the basic information that it utilizes. Ms. Boyajian thought there could be a compromise to provide that information. Ms. Boyajian was open to testing flower that has been on the shelves for various months to see what it looks like. Ms. Boyajian stated there were many things that people are currently ingesting that has been irradiated and that is not on the packaging. Ms. Boyajian stated don't give the wrong idea to the consumer; that is what this is doing.

There were no additional public comments. Chair Douglas asked for comments from Member Young.

Member Young first addressed the safety issue. Member Young agreed that the products that undergo remediation are safe. Specifically with RAD Source, the radiation is not transferred on to the product. The product is safe, and we haven't said it is anything but that. Member Young added that you can't say it is safer than the rest of the industry because that information doesn't exist and it's not true. This 15% that we are talking about is not safer than products that don't undergo radiation.

Member Young disagreed with Ms. Rushton in that this has morphed into something very different than it started. It is public information that the public has clearly shown to the Board that they want disclosure of this information and thought that was reason enough. Member Young added that the comments from the industry for the most part, other than RAD Source, agree that the disclosure is appropriate; the issue is where to put it. Member Young thought the most appropriate place for the disclosure is on the label because it is lot and batch specific. The issue with the soil amendments is that those are difficult to come across and did not want to bury this information that the public wants. Member Young supported public disclosure and placing this regulation on the labeling itself.

Chair Douglas asked Chief Cronkhite if information given in the soil disclosure would be a good step or what is proposed in the regulation. Chief Cronkhite responded that the soil amendment report is to disclose anything that was added to the growing plant and the soil: nutrients, pesticides, anything that has been applied that may cause a sensitivity or that consumers would like to know. Anything done or applied to the plant post-harvest always goes on the label, like the method of extraction. Chief Cronkhite added that the FDA requires foods that have been remediated or treated with radiation to be labeled as such. It is not necessarily a negative connotation. People today have recommended that people get products that have been remediated or treated; how would anyone know that without it being on the label. Chief Cronkhite stated the CCB regularly received complaints from consumers that know that they can request the soil amendment reports, that they haven't been available when requested. Chief Cronkhite did not think that people know they can request the soil amendment and wouldn't think it would be for post-harvest treatment.

Chair Douglas asked for clarification on the compliance notices. Chief Cronkhite responded that the compliance label can be affixed to the package, placed in the exit bag, printed and affixed, or a QR code. It does have to have product-specific information. Chair Douglas asked if the consumer was interested, the information could be in the QR code. Chief Cronkhite responded affirmatively.

Member Neilander asked if the statement later says that even though it was treated, it has passed all Nevada regulations and is safe for consumer consumption. Member Neilander asked if that had been discussed. Member Young responded that he did not want to imply that it was safer than other products; if remediated product had that on the label, then other labels should also say that it's safe. Member Young added that it is somewhat implied that it's safe because it has been tested and it is available for purchase.

Chief Cronkhite added that the comments received from the industry are why the language for the purpose of reducing microbial contamination was added. For example, the label could read this product has been treated with ozone for the purpose of reducing microbial contamination. Member Young added that the wording was changed to remove the word "decontamination" to get rid of the negative connotation associated with that.

Member Durrett commented that the Board should take into consideration that the public comment that has been submitted are probably people who are more invested in this issue and is not representative of maybe a much larger pool of consumers. Member Durrett stated that part of the public policy is to protect the public health but also to protect public trust; disclosing this is part of the public trust. We will be the first state to disclose this. Member Durrett added that very few people are saying it shouldn't be

disclosed and Member Durrett thought that it should be. We aren't basing this on the science of whether it is safe or unsafe; we are basing it on or policy and the thoughts about the policy. Member Durrett thought that it should go on the soil amendment.

Member Merritt thought that there is a fiduciary responsibility to the consumer that they are made aware that there is a caution of any kind. Member Merritt would want to be aware of anything that she may inhale or ingest. Member Merritt heard the concerns of the industry and how it will affect the sales of the product; but if there was not a consumer purchasing the product, then we wouldn't be having this conversation. Member Merritt felt that the consumer should be made aware of the caution.

Member Neilander agreed with Member Merritt that there needs to be disclosure. This regulation provides the minimum; additional information can be added.

Chair Douglas asked for a motion. Member Young made a motion to approve the changes to Regulation 12.065 as stated on the agenda. Member Neilander seconded the motion. Chair Douglas commented that the Board is trying to get information out to the public and not trying to hurt the industry. Chair Douglas added that this day does not stamp it in perpetuity; it is an attempt to do something to notice the public and not hurt the industry but understood that the industry feels that it hurts them. Member Neilander, Member Young, Member Merritt and Chair Douglas said aye. Member Durrett said nay. Chair Douglas stated the motion passed 4 to 1, with Member Durrett opposed.

IX. Briefing from the Chair and the Executive Director

Chair Douglas stated that he attended a series of meetings last week with regulators across the country. They were pleased with the federal action, concerned with the banking bill nationally that would allow for the use of banks without restrictions allowing for available monies and loans. This is not an illegal industry; it's parents and caregivers buying something that is legal in most of the jurisdictions of the United States today. There were concerns with interstate commerce, how to deal with what sits on the shelves in the future for retailers, and if Nevada starts getting out-of-state products. Chair Douglas noted there are some states with social equity programs across the board. The social equity programs give the legacy market, illegal cannabis providers, the opportunity to get into the legal business. Chair Douglas did not know if Nevada would look at implementing that. Chair Douglas noted that from the industry standpoint, it did not seem that the Board was as helpful as they would like the Board to be. The Board is trying to do what is asked in terms for public safety; the industry has to survive and go forward. There is a balance.

Director Klimas thanked the CCB team and Board agents for their work leading up to the random number selector event to select the twenty independent cannabis lounge applicants.

Chair Douglas added that the CCB intends to have additional non-public meetings to have more open and frank discussions and flush out better how cannabis compliance works.

X. Next Meeting Date

The next Board meeting is scheduled for January 24, 2023.

XI. Items for Future Agendas

Chair Douglas noted that with the new governor in place, and bill drafts starting to drop, there will be some communication as to the bill drafts either in a meeting or Board communication.

XII. Public Comment

Amanda Connor thanked everyone for an incredible year and stated the Cannabis Compliance Board has come so far since the first meeting.

XIII. Adjournment

Meeting adjourned at 12:35 p.m.