

Nevada Cannabis Compliance Board Meeting Minutes January 18, 2024

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 January 18, 2024.

Cannabis Compliance Board Members Present:

Adriana Guzmán Fralick, Chair

Riana Durrett, Vice Chair

Dr. Bryan Young

Hon. Michael Douglas

Jerrie Merritt

Chair Guzmán Fralick called the meeting to order, and Executive Director James Humm took roll. Chair Guzmán Fralick, Vice Chair Durrett, Member Douglas, and Member Merritt were present in Las Vegas. Member Young was present in Carson City.

Instructions to join the meeting the meeting via Zoom for public comment were read aloud.

I. Public Comment

Abby Kaufmann, Secretary for the Chamber of Cannabis, stated that the Chamber has made at least 100 public comments and suggestions for changes to the regulations and noted that regulation changes were only made after requirements from Legislative Session. Ms. Kaufmann will be submitting a petition for the removal of the \$500 fee to file a petition to the Board to request a change to the regulations.

Amber Jansen from Talkin and Tokin stated her concerns with NCCR 12.065 and the labeling requirement for products treated with radiation. The public would like to know how their cannabis has been grown and treated; they do not want moldy cannabis that has been cleaned up. Ms. Jansen submitted a public records request for the facilities that have approved equipment for decontamination and posted the list. Ms. Jansen stated the list is invalid because there are portable machines being used. Ms. Jansen urged the Board to reconsider this issue.

Gerardo Gonzalez from Talkin and Tokin provided additional comments on the remediated product and stated there were companies that came after them regarding the posted list. Mr. Gonzalez asked the CCB to update the list. Mr. Gonzalez stated that patients and consumers had a right to know.

Peggy Shaner spoke as a board member for the Chamber of Cannabis stated that she had concerns regarding the CCB's allocation of resources in the remediation process. Ms. Shaner claimed there is a bottleneck in the remediation process. The delays for the cultivators can be catastrophic, particularly for smaller businesses. As the product sits, it loses value and becomes dated. Ms. Shaner alleged that two auditors and three investigators were addressing an issue for a Category V violation. Ms. Shaner recommended that CCB allocate more resources to process requests that require urgent attention.

Timothy Eli Addo addressed his concerns with the social equity applicants for the cannabis consumption lounge and that graduates of the CEIC program were predicted to be selected for a lounge license. Mr. Addo stated that he addressed his concerns during the 2021 Legislative Session that there would be a problem with the consumption lounges.

Shanna Perry spoke on behalf of battlereborn.com and had a petition to get Kennedy as a third-party candidate on the ballot. Ms. Perry stated she has spent years with industry owners, operators, patients, advocates, and regulators about the necessary changes needed for this product and its medicinal value. Businesses deserve more than a 20% margin of profitability and patients deserve adequate clinical trials and research. This presidential nominee plans to decriminalize and develop healing centers.

Christina Gamez of the Chamber of Cannabis addressed the confusion with the new limits allowed in SB277. Ms. Gamez would like clarification on the milligrams. Ms. Gamez stated that she invited Board members to visit facilities and asked if any Board members had been to a cultivation, production, or a dispensary to engage with the leaders in the industry.

Nicole Buffong with the Chamber of Cannabis, Minorities for Medical Marijuana, and a member of the CAC Subcommittee on Market Participation stated it was clear that more encouragement was needed for women and minority-owned businesses to engage in the cannabis industry. Ms. Buffong awaited guidance from the CCB on how those that have committed offenses can work in the industry. To mitigate the unlicensed market, there needs to be easier pathways to the licensed market. Ms. Buffong would like to know what is being done to enforce NCCR 12.065; consumers deserve to know who uses remediation on their products.

II. Meeting Minutes

A. Consideration of approval of the November 14, 2023, Cannabis Compliance Board Meeting minutes.

Chair Guzmán Fralick asked for a motion on the November 14, 2023, meeting minutes. Member Douglas made a motion for approval of the minutes. Member Merritt seconded the motion. All Members said aye. Motion carried.

B. Consideration of approval of the November 21, 2023, Cannabis Compliance Board Special Meeting minutes

Chair Guzmán Fralick asked for a motion on the November 21, 2023, meeting minutes. Member Douglas made a motion for approval of the minutes. Member Merritt seconded the motion. All Members said aye. Motion carried.

C. Consideration of approval of the December 12, 2023, Cannabis Compliance Board Meeting minutes

Chair Guzmán Fralick asked for a motion on the December 12, 2023, meeting minutes. Member Merritt made a motion for approval of the minutes. Member Douglas seconded the motion. All Members said aye. Motion carried.

III. Consideration of Approval for a Conditional License for a Cannabis Consumption Lounge

Chief Staley presented the item to the Board. Chief Staley noted that if approved, the applicants will need to complete necessary local approvals and a final inspection by the CCB.

A. Cafecito SW (ACON-A22-00083)

Chief Staley stated Cafecito requested approval for an independent consumption lounge. Carly Krygier, Desiree Harmon, and Orlando Angulo were available to answer questions.

Desiree Harmon thanked CCB staff for their patience and cooperation with the investigation. Ms. Harmon noted that numerous character statements had been submitted on her husband's behalf and they show that he is of no concern to the industry.

Ms. Harmon and Ms. Krygier presented the concept for the lounge to be named Juntos, the owners' background, their mission, diversity, and capitalization. They are in the process of securing a location. Member Douglas asked if they were going to be in unincorporated Clark County and the applicant confirmed that was correct. Compliance will be an important part of the business. They provided a timeline and hoped to open within ten to twelve months.

Member Douglas noted that a document was submitted that indicated Orlando Angulo can have no involvement with the operation until he gets an agent card. Member Douglas stated they may speak with Chief Staley about that issue.

Chair Guzmán Fralick asked about the products that will be sold and if any will be sold from the husband's store. Ms. Krieger responded that it will be a café and lounge serving coffee and food, cannabis products and flower, infused foods and cocktails; any of Mr. Angulo's products will go through board approval like all other menu items.

Member Durrett commented that Ms. Krygier interned for her when she was with the Nevada Dispensary Association.

There were no additional questions from the Board. Member Douglas made a motion for approval of a conditional license for a cannabis consumption lounge. Member Durrett seconded the motion. All Members said aye. Motion carried.

B. Wellness Connection of Nevada LLC (ACON-A22-00063)

Member Durrett made a disclosure that she had a non-cannabis professional relationship with one of the members listed in the corporate structure; this would not impact her ability to vote on this item.

Chief Staley stated Wellness Connection of Nevada planned to open a consumption lounge adjacent to its Las Vegas Dispensary on Spring Mountain Road. All information required to move to a conditional status has been submitted. No areas of concern were identified.

Matt McClure, general manager, appeared on behalf of Wellness Connection Nevada. Mr. McClure made a presentation that gave an overview of the layout and design, and the operational tenants of the business plan. The space will be by reservation only, keeping to a specific customer base, and will charge an entrance fee. Mr. McClure stated they will offer cannabis products that are currently sold within the Cultivate dispensary, but it will be a limited menu. Rental equipment will be available, and merchandise will be sold. The lounge space will be convertible for events, and they may partner with food trucks.

Member Douglas asked if there was an anticipated opening date. Mr. McClure responded that the goal was by the end of the third quarter this year. Member Douglas asked if they were impacted by road construction. Mr. McClure stated that the construction did not seem to be

changing and they have worked within their space as traffic patterns allow. They intended to have ride share services available for quick and easy access.

Chair Guzmán Fralick asked for comments from the other parties. Robert Lally with Cultivate stated they were excited about moving forward with the process and their plans.

There were no further questions from the Board. Chair Guzmán Fralick called for a motion. Member Douglas made a motion for approval of the conditional license for a cannabis consumption lounge. Member Merritt seconded the motion. All Members said aye. Motion carried.

IV. Request for Transfer of Interest

Chief Staley presented the transfer of interest to the Board.

A. Digipath Labs Inc. (TOI 2300011) (L015, RL015)

Chief Staley stated TOI 2300011 was filed to request approval for the acquisition of Digipath's license and trade name. No areas of concern were identified during the investigation.

Todd Denkin, founder and president, appeared on behalf of Digipath Labs. Mr. Denkin thanked the CCB for the easy process and was available for questions. The buyer, Nathan Allen, was available for questions.

Member Douglas stated that he did not have any questions as to suitability but asked if they foresaw any change in operations. Mr. Allen responded that they were satisfied and Digipath operates at a level of excellence; they will continue under Mr. Denkin's leadership. Mr. Allen added that they have operations in Arizona similar to Digipath.

There were no additional questions from the Board. Chair Guzmán Fralick called for a motion. Member Durrett made a motion to approve the transfer of interest. Member Merritt seconded the motion. All Members said aye. Motion carried.

V. Consideration of Approval to Extend Final Inspection Deadline

Chief of Administration Steve Gilbert presented the requests for extension to the Board.

A. Strive Wellness of Nevada LLC (C206, P131)

Chief Gilbert stated Strive Wellness of Nevada LLC holds conditional medical cultivation and production licenses in the Nye County jurisdiction. A request for an extension of the final inspection deadline was submitted by legal counsel for Item 9 Properties, the owner of the property on which Strive's conditional licenses will operate once completed; the request was accepted after discussion with Sara Gullickson, one of Strive's owners. Staff identified areas of concern including a transfer of interest that had not been submitted; as an update, the transfer of interest was submitted the day before the Board meeting.

Member Durrett made a disclosure that she was retained as an expert witness for a law firm that represented a party that was opposed to the Strive Wellness ownership group but was related to the Harvest Foundation. Member Durrett would abstain from voting out of an abundance of caution.

Sara Gullikson appeared remotely on behalf of Strive Wellness. Ms. Gullikson explained that they were under the impression that a transfer of ownership was submitted in 2020 to the Department of Taxation. Ms. Gullikson confirmed that the transfer of ownership was submitted the previous day to transfer all shares to Item 9.

Jean Gonnell, counsel for the receiver for Item 9, stated that the facility was almost ready for inspection; there was about \$30,000 that needed to be put into the building to finish everything and it can be handled within the next few weeks. Ms. Gonnell explained that there had been some administrative confusion previously.

Member Douglas asked for clarification in terms of ownership of property, who submitted the application, and if they have the ability to submit the application. Ms. Gonnell responded that they were unable to find the Strive members originally and she was asked to take the role of submitting for an extension. Ms. Gonnell made it clear that she did not represent Strive but was moving for an extension with the hopes of submitting the change of ownership. Ms. Gonnell subsequently spoke with Strive and they agreed to the extension request.

Member Douglas asked for clarification from CCB staff as to who submitted the request and if they have the ability to ask for the extension. Chief Gilbert stated that one of the areas of concern in the report was cleared up with the submission of the TOI. The concern regarding who submitted the extension request was clarified and lessened after the conversation with Ms. Gullikson.

Chair Guzmán Fralick asked what date was requested for the extension. Ms. Gonnell responded that June 1, 2024, was sufficient but September 1, 2024, would be great. Member Douglas commented that it may be easier for staff to align the date with previous extensions granted. There was discussion by the Board on possible dates.

Member Douglas made a motion to approve the extension to the November Board meeting date. Member Young seconded the motion. Board Members Douglas, Merritt, Young, and Chair Guzmán Fralick said aye. Member Durrett abstained. Motion carried.

B. Forever Green LLC (C100, RC100)

Chief Gilbert stated Forever Green LLC received its final license to operate its medical cultivation facility on April 23, 2018, and its adult-use cultivation facility on May 1, 2019, in North Las Vegas jurisdiction. Forever Green lost its establishment location in November 2019 and in September 2021, the CCB notified Forever Green that the licenses would revert to conditional status as they did not meet the requirements to be licensed as operational. Staff identified areas of concern.

Paul Murad appeared on behalf of Forever Green. Mr. Murad indicated that he had a disagreement with investors; there was a breach of their management service agreement and of the lease of the facility. Mr. Murad explained that they got entangled in litigation across multiple states. Mr. Murad added that they have maintained the license and remained in compliance. Mr. Murad stated it has been difficult to find a facility in North Las Vegas due to growth in warehousing space. They are looking into partnership agreements with experienced operators and working with real estate brokers and the North Las Vegas Economic Development Department to locate space. Mr. Murad noted that the approval would be supporting a small

locally owned license and business that will be creating jobs in North Las Vegas and additional tax revenue. Mr. Murad requested approval to the November meeting date.

There were no additional questions from the Board. Chair Guzmán Fralick called for a motion. Member Durrett made a motion to approve the extension of the final inspection deadline to the November meeting date. Member Merritt seconded the motion. All Members said aye. Motion carried.

C. FNM Holdings LLC (C105, RC105)

Chief Gilbert stated FNM Holdings obtained its conditional and adult use license in the City of Reno jurisdiction from a transfer of interest approved by the Board at its July 2022 Board meeting. One prior extension request was granted to February 3, 2024. FNM reports they have been working to complete construction but are experiencing delays. FNM submitted the request in an abundance of caution and requested a six-month extension to August 3, 2024. Staff identified no areas of concern.

Amanda Connor appeared on behalf of FNM Holdings. Ms. Connor stated they had hoped to submit the documents necessary to schedule a pre-operational inspection but there was a delay in certain security cameras that have not been delivered. Ms. Connor added that there are also a few doors that are needed and those are being shipped from the east coast due to lack of inventory in the southwest. Ms. Connor requested a six-month extension.

Member Douglas asked if there were any problems with the City of Reno. Ms. Connor responded that the City of Reno has issued their business license.

There were no additional questions from the Board. Member Douglas made a motion for approval of the extension to the November Board meeting date. Member Durrett seconded the motion. All Members said aye. Motion carried.

VI. Approvals and Resolutions

A. Notice of Final Licensure

1. Polaris Wellness Center LLC (T068)

Chief Gilbert stated Polaris Wellness Center was awarded a conditional distribution license on August 25, 2017, in the Clark County jurisdiction. On November 9, 2023, the CCB conducted a pre-opening inspection and audit; the facility was found to be in compliance. The CCB approved and issued final licensure on December 20, 2023.

VII. Briefing from the Chair and Executive Director

Chair Guzmán Fralick wished everyone a happy new year and hoped that 2024 was a great year for cannabis.

Executive Director Humm thanked Governor Lombardo and his senior team, Director Klimas, and the Board Members. Director Humm thanked the industry, those that have reached out and those that come to the meetings.

Director Humm noted that the CCB was working on a Market Study with a third-party independent evaluator. They are conducting a comprehensive study and emerging sector

analysis. The CCB encouraged participation in the survey by consumers and the industry. Participation will help policy makers and provide insight into how the industry can be improved. The information that is collected will remain strictly confidential; no responses will be shared publicly or privately with any member of the CCB or anyone else outside the independent research team. The top-level survey findings will be included in a publicly available final report once it's completed. Links and QR codes are available on the CCB website.

VIII. Next Meeting Date

The next Board meeting is scheduled for February 15, 2024.

IX. Items for Future Agendas

No specific items were identified.

X. Public Comment

Dani Baranowski, vice president of the Chamber of Cannabis and a representative of brands of all sizes, addressed concerns with the lack of oversight of accounts receivable and its impact on the industry's viability. Ms. Baranowski reached out to cultivators and producers, and they disclosed there is 10 million dollars of unpaid past due invoices; labs are also due 10 million dollars. Taxes may be due long before compensation is collected. The CCB gets involved only at the point of receivership. Ms. Baranowski asked the Board if this was how other industries and gaming worked: are licenses allowed to be renewed if they are not paying their vendors. What are the consequences for other industries. Ms. Baranowski would like to work together for regulatory reform.

Bri Padilla, executive director of the Chamber of Cannabis, stated their goal as an organization was to foster collaboration and support for all members of the chamber and the industry at large. Ms. Padilla stated that they are fumbling the ball on education about the challenges that operators face as a result of commercial and supply chain pressures, the ecological impact of the industry, needs of patients, the concerns of small and mid-size operators, and for community stakeholders. Ms. Padilla stated she would be visiting members and industry operators in the future and invited the Board to join her. Ms. Padilla thanked the Board members that were out in the field. Ms. Padilla will encourage people to participate in the market study survey.

Nicole Buffong, representing the Chamber of Cannabis and Minorities for Medical Marijuana was excited for the ladies that received the conditional license for a consumption lounge and was looking forward to seeing them open their doors.

XI. Adjournment

Meeting adjourned at 10:42 a.m.