



**Marijuana Control Board
Meeting Minutes
September 14, 2017
Second Judicial District
Aurora Inn Conference Room
302 Front Street
Nome, Alaska**

Board Members Present:

Peter Mlynarik, Chair, Public Safety Member
Mark Springer, Vice Chair, Rural Member
Brandon Emmett, Industry Member
Nick Miller, Industry Member
Loren Jones, Public Health Member

Staff Members Present:

Erika McConnell, Director
Jedediah Smith, Local Government Specialist

Legal Counsel Present:

Harriet Milks, Assistant Attorney General

● **ADMINISTRATION**

A. Call to Order

9:00am

B. Approval of Agenda

Springer moves to approve.

Emmett seconds.

Motion carries 5-0.

C. Approval of the July 12-14, 2017 Meeting Minutes

Springer moves to approve.

Emmett seconds.

Motion carries 5-0.

D. Approval of the August 15, 2017 Meeting Minutes

Springer moves to approve.

Emmett seconds.
Motion carries 5-0.

● **BOARD GOVERNANCE**

9:05am

Emmett: I have been brought on as a strategist and advisor to the Keep Cannabis in Fairbanks campaign. Mlynarik: I belong to the Alaska Association of Police. They drafted some sort of letter regarding marijuana. I recused myself from that conversation.

● **PUBLIC TESTIMONY**

9:10am

Jana Weltzin: It would be helpful for the industry to get a list of decisions that have been delegated to the director. We can understand things better if we know the things Director McConnell can make decisions on. I have had quite a few reports from retailers of people with handler cards offering to deliver marijuana at half the cost of licensed retailers. I have drafted language to address this issue. There has been a lot of robust debate by the board, but no motion to carry action forward. I think that is important for the public process.

Holly Sheldon Lee: The pot store on Main street with the most opposition, it has been highly destructive for the teenagers in the community. We are completely against manufacturing in this community. When people voted to have personal choice, there was nothing about manufacturing. People have overdosed. Some people came up from Anchorage, they ended up at the Wildfire Café, the husband threw up all over the table. The wife, I'm not sure how much she took. This drug cartel that moved in here, with the assistance of the Mat-Su Borough, has been nothing but destructive.

Mike Stoltz: High Expeditions is advertising on T-Shirts. If you are allowing marijuana to advertise, something is wrong.

Carry Carrigan: It has been a slow process to see what is going on with the agendas. As a collective group, we don't receive a reasonable amount of time to discuss what is going on. There are positions that have been vacant since July. I don't understand why this is a low priority for an extended period of time. I am concerned about the way enforcement is going about its business. I needed to de-designate the Sheraton Hotel to put on the THC Fair. There was no consumption on the premises. I don't understand why enforcement needed to do that. I see that the director is questioning CBDs again. I would ask the board to allow the courts and legislature complete its work on hemp before they go flashing their badges around.

Anna Jolley: Work as a nurse, mother of four. I am opposed to retail sale and manufacturing of marijuana in our community. I am concerned about the operator in our community. It really seems like they are grooming users in the community. I think there needs to be serious regulation. I am asking you to consider this small community.

Chris Euscher: My comment is concerning both labs we have and the inconsistency. We have two labs one consistently lower, one consistently higher. I prefer Steep Hill. Is there something the lab can do, like a proficiency test, to prove they are accurate. The difference between the two is radical. Is there something in the regulations that can hold the labs to a standard so we know they are accurate? Their results are not in the same neighborhood.

Art Weccedian, Talkeetna: They are working on the manufacturing facility before they've even gotten a license? I am opposed to the facility at sunshine.

Hudson: The effect of the marijuana people in the community is more and more. We don't need another processing place. I am against pot in general. I just want to speak against one more place.

Brian Coyle, Steep Hill Labs: I would like to repeat what I said at the last meeting. We're concerned about accuracy. That's why we're going to implement proficiency testing. I am shocked that there is such a discrepancy. If there are major differences, then If you can't trust the labs, how are you going to build the industry?

Debbie Hudson: We have five children living at home. We live less than a quarter mile from the Cash Creek building. I can already see the difference in Talkeetna. People don't like to go down on Main Street anymore. With this opening up closer to our home, we've talked to Troopers. They would rather pull people over for alcohol than marijuana. They don't even have a test to prove people are high on marijuana. I am opposed to alcohol and marijuana. But if the Troopers can't even enforce it, then it is a risk for everyone.

● DIRECTOR BRIEFING

A. Director's Report

9:30am

McConnell: We have a number of vacancies. Three new positions in FY 18 budget. A lot of administrative steps we have to go through before we can actually hire. We are about to post for two occupational licensing examiners, bringing our team up to five. One new admin position starting next week. Things in a bureaucracy take time. Auditors continue their work, and will deliver a preliminary report in the next few months. Traveling to Portland for the State Cannabis Regulators conference. Focusing on a national state regulators association. In mid-October going to Denver for State Marijuana symposium. Majority of regulations projects will be brought back in November. A number of issues regarding potential regulations projects.

Board expressed interest in more financial analysis and background checks. Title 17 allows the board the authority to create regulations, and could amend the application process to do further financial background investigations. Oregon requires applicants to submit information regarding funding for facility. They distinguish between an owner interest and financial interest. They have a whole system worked out. We don't need to copy that.

Ask the Board consider a fee for inspection if licensee has requested but is not ready for the inspection. If they are not prepared, and we have to go back a second time, we ask the board consider a fee, along with the ability to waive that fee for good cause.

Limited Liability Companies are required to submit their operating agreement, but corporations are not required to submit their bylaws.

Department of Labor regulates certain types of insurance. On alcohol side, during transfers, DOL checks this. I would recommend the board include requirements for this before transfers are approved.

Multiple businesses on a lease, if there is a second, non-marijuana business that has right to the marijuana business, the board has no control over that second business. If that second business is sold,

then a non-licensee has access to that business, and the board has no knowledge of that. We recommend changing to require sole access by licensee.

Definition of affiliate needs clarification. Current regulation doesn't seem to be a necessary component of licensure. Open a project to eliminate the concept of affiliate. Either you are a licensee, you have a direct or indirect financial interest, or you are an employee or an agent.

Residency requirements address Permanent Fund Dividend eligibility. One issue is if you qualify, it is for the prior year, not the coming year. If you apply in 2017, they are analyzing if you were a resident in 2016. There are other changes that would be good to make.

Video formats are problematic. When enforcement requests video, they can't always read the format. There isn't any magic software that allows you to read. 3 AAC 306.720 requires video surveillance to be retained. I would request publishing a list of required formats. We need people to work with their own security companies to deliver a format that we can read.

Odor of outdoor grows is an issue the board will have to address. In general, you can't emit odor unless the local government issues a conditional use permit. I would recommend changing the wording to 'the local government approval process.'

Emmett: I'm not supportive of many of these projects. The one of interest is the Department of Labor is a workers rights issue. I have heard from some businesses not providing workers comp and workers not being paid for overtime. This is one I would be in support of.

Springer moves to authorize the director to publish a list of video formats for enforcement purposes. Emmett seconds for discussion.

Springer: It is pretty clear by the regulation that what is stored must be usable by enforcement offsite.

Emmett: I think the responsibility should fall on the board. It is an expense for the business. When we licensed these businesses, enforcement just looked at whether they had the system in place and could retain the video for 40 days. I think the responsibility should be on us, we should look at the formats that are used by the majority of the industry.

McConnell: We're not asking licensees to replace equipment. We need software that will convert it to something you can read. We're asking the licensee to work with their security teams to convert it to something more standard. Nobody will have to spend money changing out their system. It will require a little work to format.

Springer: I'm not moving to open a regulations project. I am delegating to the director to publish a list of formats.

Springer's motion on video formats carries 5-0.

Springer: Since workers comp is enshrined in statute, couldn't we editorially add licensees comply? The requirement exists across the board for the state.

Milks: You could require license applicants to self-certify.

Springer moves that the administration provides proposed language requiring the applicant certify they are in compliance with Department of Labor regulations.

Emmett seconds.

Motion carries 5-0.

Loren Jones: It seems to me, we've got 22 projects out there, we could have two with multiple subjects and just do it.

McConnell: What we have been doing, the board opens projects, the staff compresses them. They get one department of law number. I think the board could make a motion to open a project that addresses one or two or three issues, or you could open an individual project and we can compress them.

Mlynarik: It would be easier for the board to know what you are doing.

McConnell: There is the issue of four different regulations changes are rolled into one project, and we get a lot of comments on one part, and the board makes changes, we have to put that one part back out again.

Emmett: I would agree with the director. In policy making, legislators come under fire for including a tiny provision in some unrelated topic.

Jones moves to take financial background, corporation bylaws, and lease affiliates and combine those into a regulation project.

Springer seconds.

Emmett: I am opposed to that.

Motion carries 3-2. Emmett and Miller vote no.

Mlynarik: That brings us to charging for second, subsequent inspections, definition of a resident.

Jones moves to create a regulations project for charges for subsequent inspections and definition of a resident.

Springer seconds.

Jones: You don't need a regulation unless you want to make an exception. Is there some idea that staff has about conditions of a second inspection? You wouldn't charge for an inspection caused by a complaint.

McConnell: We're only talking about the preliminary inspection. If you look on the pre-inspection checklist, we ask the applicant or licensee to verify the pre-check list. We've had examples of licensees saying they are ready, but they haven't tagged their plants. Then we have to go back. We're not talking about compliance check or inspection we think is necessary. We're just talking about the initial inspection.

Jones: Yes, this is the first one. We don't do inspections for renewals. What about inspections for changes to operations plans?

Miller: How many initial inspections fail due to just not being ready?

Hoelscher: I would say roughly about 40 percent fail. It wouldn't be the ones the director is talking about. Since we've put out the pre-inspection checklist, that failure rate has gone down.

Motion passes 4-1. Miller votes no.

Springer: On the local government issue, is this an editorial issue? There are some municipalities that have not adopted a conditional use process.

Milks: It could conceivably affect the rights and obligations of the people.

Springer moves to amend 3 AAC 306.430(d) changing conditional use process to local government approval process.

Emmett seconds.

Motion carries 5-0.

McConnell: In early 2016, the board directed the Director to determine applications complete while still issuing the background check. This was a temporary fix. I would request the board direct me to not

issue licenses until the background check is complete. This will prevent temporaries issued to certain applicants with disqualifying conditions.

Hoelscher: The process duration depends on the Department of Public Safety and the FBI. Average turnaround time takes up to 3 weeks.

Emmett: My concern is that this is a guilty until proven innocent thing.

Miller: I'm reluctant to support this. How many are operating that don't have the completed background check. Does the licensee get notified when the background check comes back?

Jones: When we did this, we couldn't submit fingerprint cards. The FBI wouldn't take them. The statute says you aren't supposed to issue a license until the background check is verified. There haven't been any licenses that have come back to us. I don't have the fear. We should be operating based on what the statute says.

Miller: What I don't know is where we are right now. How many fingerprint cards have come back? I would like more information before we make a decision.

Springer: That process is handled by enforcement. They have all their positions filled. That is their function. We're an add-on to a long list of license types that require background checks.

Springer moves to delegate to the director to hold the issuance of a license pending the receipt of criminal background check approval.

Jones seconds.

Motion carries 3-2. Emmett and Miller vote no.

McConnell: Conditions placed on a license should remain on the license through the renewal period and remain with the license until the Board explicitly remove them.

Jones: I think most of the time it is a delegation. We want to see a better diagram. What kind of conditions would we put on that would remain?

McConnell: Those types of conditions might be the Kenai Borough conditions, or no CO2 allowed. I haven't seen many conditions. You could be asked by a municipality to limit operating hours.

Milks: The regulations require the board to impose regulations requested by the municipality. It only makes sense to keep the conditions for the life of the license.

McConnell: Next issue is to clarify board intent. If the lessee defaults on lease, the lessor cannot take marijuana from the premises. If you have two names on a deed, but only one person is a licensee, does there need to be a lease to the one who is actually the licensee?

Springer: Would this be germane to the fact that Alaska is a common property state?

Milks: Yes. If the licensed premises is in a structure owned by a married couple, there should be a lease from the couple to the licensee. Keep it clean.

McConnell: This doesn't need to be a regulation.

Springer moves to direct staff to require a joint ownership lease agreement to the licensee. Landlord has no right of control.

Jones seconds.

Jones discusses issue at the previous board meeting where the licensee lived in a house owned by her boyfriend and wanted to start limited cultivation. I questioned why this was allowed.

Motion carries 3-2. Jones and Emmett vote no.

McConnell: Back to the residency issue and MJ-18 (form to evaluate residency). Someone denied a PFD, then submitted an MJ-18. Can enforcement verify they are a resident? The regulations contemplate "do they qualify for the PFD?" I feel that with the current definition of residency shouldn't be second-guessed by my staff. My understanding of the MJ-18 is for people who have chosen not to apply for the PFD. The situation that comes before you later is someone who doesn't meet the qualification of the PFD because he travels for his job. But he doesn't qualify for the PFD. This is an issue that is a problem.

Our interest is in whether licensees are residents. I would suggest the board consider some sort of carve-out for people who can prove to the board or staff in some way, but who may not qualify.

Jones: We went from just being a registered voter, you have to be here a year to get a resident fishing and hunting license. But you can be here 30 days and register to vote. So we landed on the PFD. If I arrived here in January 2017, and decided I was going to start a marijuana business, I certainly wouldn't qualify for a 2016 dividend. It seems to me the MJ-18, you need to have some kind of certification under penalty.

Emmett: I would support some sort of compromise. It doesn't leave a lot of latitude. There are ways to determine if someone is vested in Alaska but is out of the state quite a bit. There should be an avenue for licensees.

Mlynarik: Having done investigations, they are long and arduous. We're going to be spending a lot of time. Even though this is not a perfect way, it is the best way. Wildlife troopers are consumed with residency investigations in the winter.

Milks: The issue is not whether the board wants to adopt basic requirements. Early on, the board discussed adopting all the PFD requirements and maybe extending the period of being out of state. How do you investigate that? There is a difference, but the difference is in how you prove that.

Springer: We've talked about a snowbird regulation. We can't even look to the Permanent Fund office because they are a year behind us. Maybe instead of making a move on this right now, I would ask Ms. Milks to sit down with her colleague in the Dividend office to see if there is clarity between residency and qualification. This is something we need to continue to discuss.

Milks: One way you could amend this regulation is you could identify and change subsection 2, identify specific residency requirements under AS 43.23. You would then lose the ability to have the PFD tell you whether they are residents.

Break

McConnell: Stores and entities are selling CBDs around the state. We have seized CBD product from licensees. The Board and licensees have been inconsistent on what to do about this issue. We could send out notices to remind stores that CBD is not to be sold without a license. With 8 enforcement staff, it is difficult to cover the entire state.

Mlynarik: We made decisions based on staffing. We would prefer you do all of it. We're not trying to pick on certain businesses.

Emmett: I would encourage staff to not remove CBD from every store in the state. I was opposed to the seizures in the first place. The scientific community has a wealth of literature on the health benefits. The reason why you can get CBD oil up here because it is not considered marijuana based on the Cole Memo. Our law says CBD oil is marijuana. But as far as where we spend our enforcement resources, that would be better spent on handlers posing as licensees.

Jones: I read in the paper the state fair building that a marijuana business had their product stolen. They can't be a licensed business. It confused me that the media would put out there that this was a marijuana business and had their product stolen. It was misleading to the rest of the industry. If it is publicly identified they are selling marijuana, someone ought to do something. I just don't know what. I don't think our enforcement staff should be charging out to the local health food store.

Milks: I think it is important to talk about staff resources. But the CBD issue is under review by the office of administrative hearing. In order to protect due process rights, I suggest the board not continue to discuss CBD as a marijuana product. Please refrain from continuing this discussion.

Springer moves to table discussion until a later date.

None opposed.

McConnell: Onsite consumption issue will be before you in November. Agenda documents must be submitted by October 27. The 2018 board meeting schedule is attached to written report. 6 meetings planned in four judicial districts. We've scheduled a meeting in Denali. We'll have meeting in Kenai as well.

Springer: Can we get the AMCO budget at the next meeting? I'd like to compare how much the budget is and the receipts in taxes.

Emmett: I've been critical of this board and staff on roll out. These new numbers are promising. You take the June and July and average those, that puts us at \$6.6 million in average revenue, just shy of projected revenue. We're hitting our stride. It looks like the numbers are going to happen.

B. Report of Subcommittee on Licensed Premises

Jones: Emmett and I had a good discussion.

Emmett: In reviewing some licenses that might be affected by this, there was inconsistency. The contiguousness is where marijuana may or may not be taken. In many of those, it has to do with where an office is. If there is an office where no marijuana is present, maybe there could be an exception.

McConnell: One premises, there was cultivation on either side of the office. If the board wants to make exceptions to the contiguousness, the board require that be noted in the operating plan.

Jones moves to accept the interpretation.

Emmett seconds.

Motion carries 5-0.

Jones: We had a long discussion about licensed premises. Over time, whatever decision may have a financial impact over time. We can't permanently grandfather them in.

Jones moves to accept the director's concept of licensed premises and that this will be looked at during the renewal. That gives everyone a year. Then we have the option to tell the director we've changed our minds.

Emmett seconds.

Motion carries 5-0.

● **ENFORCEMENT UPDATE**

11:24am

A. Enforcement Report

Hoelscher: This is the first year we've had both alcohol and marijuana licensees operating during the summer. New licensees are anticipating enforcement are trying to intimidate.

Emmett: As a vote of confidence goes, I can attest to the number of positive comments we've received about investigator Stonecipher. She is respectful and helpful. At times she'd had to enforce, she is very professional. So far as trepidation, the cannabis community was jailed and beaten, taken that into consideration with the high number of NOVs for licensees, you need to be conscience of the fact they may be legitimately afraid of you. We're going to have to work hard as an agency to change that cultural perception.

Springer: The majority of NOV's are the equivalent of a fix-it ticket. I hope the industry will continue to understand the job enforcement is doing is not out to bust anyone's chops. It is to help them remain or come into compliance with the regulations, and to help the industry to be successful.

Hoelscher: 156 investigations, 14 are rural. There are about 42 investigations new in the last two months between alcohol and marijuana. 45 alcohol NOV's, 26 advisory notices to alcohol. 110 marijuana walk-throughs. 124 marijuana inspections, 30 more than the last report. 9 NOV's in the last two months. 49 background checks, issued 1049 handler cards. AMCO enforcement has been conducting random audits comparing what is in METRC and what is on hand at the premises. 40 percent of licensees have discrepancy. 100 percent of those with discrepancy have a Point of Sale system. Most with discrepancy rely on the Point of Sale system. The remaining 60 percent verify on a daily basis between POS and METRC.

Jones: I forwarded this part of the report to city staff in Juneau to try to verify sales tax collection. We have one business that details the sales tax on the invoice and one that doesn't. We need this information to be able to verify whether they are over paying or under paying their tax.

Mlynarik: What are you doing to ensure these businesses are fixing these discrepancies.

Hoelscher: One licensee there was a major discrepancy. We don't go to a business with a preconceived number. What we've identified is that many think the Point of Sale system is the fix-all. Some haven't verified in over a month, leading to a huge discrepancy. Ultimately we only care about what is in METRC, because that is what should be in the store. A few licensees have offered to assist other retail stores in developing process to audit. We recommend they start verifying what is being uploaded or reflected in POS system is being uploaded into METRC. We have experienced twice a third party integrator has not been cooperative with enforcement's requests. We can't write them a notice of violation. Is it a reasonable expectation if a licensee is using a point of sale system to be able to obtain that information? In some cases, the licensee integrates the POS and METRC.

Springer: When you are seeking this information, is it part of an audit or an investigation process?

Hoelscher: It turns into an investigation.

Springer: With your authority as peace officers, do you have the ability to obtain that information.

When we do a records request, we have no idea what is being supplied is the entirety of the request. We can apply for a search warrant. If we are not being provided the information we are asking for, and they know we're asking specifically for POS information, would the board be supportive of a violation of a records request?

Springer: I would say yes.

Mlynarik: I don't know how detailed the definition of records are.

Milks: It is a matter for your interpretation.

Mlynarik: I would say all records pertaining to it. If it is a routine records request moving to an investigation, you may need to move to a search warrant.

Hoelscher: Every third party data entry company does sign an agreement.

Miller: Hearing what I've heard on this report, it is concerning there is marijuana that is not being tracked. If it gets out of hand, it can be impossible to correct. My concern is there are licensees with their inventory way off. When enforcement shows up at our door, you can take what you need. It is concerning there is information people can't get from their POS system. We've got to get this under control.

Emmett: The industry asks a lot of this office, but I think it is important the industry comply. I don't think it is unreasonable to grant those requests.

Hoelscher: I recommend a regulation on introduction of marijuana into a licensed premises. The only exception should be testing facilities.

Springer moves to open a project on introduction of marijuana into a licensed marijuana facility. Emmett seconds.

Emmett: This does need to be clearly defined. We do have an issue with strain diversity. I don't think we want to create something so strict that restricts strain diversity. They need to be able to introduce new products. If they get something from a home grow, there should be a form to track that.

Motion carries 5-0.

Hoelscher: Seed banks, some cultivators have a large amount on hand, and once licensed, are selling their seeds. This is not the point of a seed bank. My understanding of seed banks is to have a safeguard on the genetics. I never envisioned if they had thousands of seeds, then turn around to sell them.

Emmett: The assumption those were black market seeds, someone may have grown those seeds. We allow people to start their facility with an unlimited number of clones. Afterwards that's what they're stuck with. It may be a bad business decision. The majority seem to be ordering seeds from out of state. Bottom line is, you have other cultivators that get upset about this.

McConnell: The board has said the cultivators can start with an unlimited number of seeds.

Springer: There should be a diversity of supply for home-growers. I would like to see a larger number of people in rural Alaska growing their own. I think people should be able to go to Fairbanks or anchorage and buy seeds to grow on their own. I think this is a worthwhile project.

Mlynarik: They need to use their initial seeds for their grow. Afterwards, have at it. You want to have some control, at least after the initial inspection.

McConnell: If the board is comfortable with how the enforcement has been handling this, you could address this through the currently open plant count project.

Hoelscher: Outdoor odor control is a dynamic where the outdoor cultivator has said the odor will naturally dissipate into the air. I want the board to know some that are being approved, the natural dissipation is not an effective way of controlling the odor.

Emmett: I hope that local governments will accept marijuana as an agricultural product. I've worked in the fishing industry, and the smell is something you never quite get used to. But I don't think anyone is arguing we shouldn't have a fishing industry.

Hoelscher: I do realize this issue could be brought up to allow local governments to have control. The only difference is there may be some located close to residential area.

Mlynarik: Odor control is in the regulations and that's how we have to enforce it.

B. Notices of Violation Issued and Licensee Responses

McConnell: Licensees are not required to respond to NOVs. Office issued an advisory to encourage response. We're looking to licensees for some discussion of acknowledging the regulation. We had one accusing staff of not doing their due diligence. Our enforcement staff are very professional. They look into complaints. Some are proven to be unfounded. We can't always discover when there is a violation. This response was a little troubling. Compared to another licensee that received an odor complaint violation. We sent a licensee an advisory they had an illegal sign. They didn't comply until they received a notice of violation.

Jones: We had an alcohol licensee illegally lease their license to another provider. When we heard about it as a city, we protested. A notice of violation may, in fact, put them in violation of a local conditional use permit.

McConnell: We haven't been sending NOVs to local government. We intend to sooner rather than later.

Mlynarik: It is always nice when the person who gets an NOV responds to them.

Break for Lunch

● LICENSING UPDATE

A. Licensing Report

Sarah Oates: All licenses that were active or pending inspection were under a single classification and it was confusing. There are now two different statuses that explain who is operating and who is not. The ABC Board has requested communicating with licensees and the public. We formerly relied on the PSUM email tool. It doesn't make sense to resurrect that email. We are looking to use the marijuana@alaska.gov email to notify people about regulations projects and other notifications. Goal is to utilize this by the November meeting. All renewal applications came in on time. No licenses were expired. We're working with IT on the online transfer application process.

B. Forms Approval

McConnell: Based on the earlier conversation we will add to the MJ 17c a Dept of Labor self-certification.

Springer: Will the MJ 17b include a requirement for bylaws?

Jones: I'm not sure how debt is handled through the MJ-19.

McConnell: We send notice to every creditor that is listed on the form, asking whether they object to the transfer of application. On the alcohol side, if the creditor objects, that transfer won't go through until the objection is lifted.

Oates: The language on the form comes directly from the regulation. This mirrors the processes and procedures in Title 4 liquor license transfers.

Jones: On the MJ-23a, I assume that will get re-worded based on video format? Does the court system have a format requirement?

McConnell: I don't know what the court system does. Our limitations are going to be what we have available in the office.

Springer moves to approve all seven forms with delegation.

Jones seconds.

Miller: A question regarding the inspection checklist, regarding alarm system, I don't remember motion detectors being required by the regulations.

McConnell: I will follow up with Mr. Hoelscher.

Miller: I don't have a problem with the form, I just want to make sure we're not making them do something that is not in the regulations.

Motion carries 5-0.

1. MJ-17b: License Transfer Application Checklist
2. MJ-17c: License Transfer Application
3. MJ-19: Creditors Affidavit
4. MJ-23a: Inspection Form – Retail Marijuana Stores
5. MJ-23b: Inspection Form – Marijuana Cultivation Facilities
6. MJ-23c: Inspection Form – Marijuana Product Manufacturing Facilities
7. MJ-23d: Inspection Form – Marijuana Testing Facilities

C. Temporary Ownership Change Reports (Transfers Required)

- 1. License #10886: Good Titrations**
Licensee: FSE, Inc.
License Type: Marijuana Product Manufacturing Facility
Premises Address: 1770 Donald Avenue, Suite B
Fairbanks, AK 99701
Local Government: Fairbanks North Star Borough

Brandon Emmett recuses himself.

Jones: It was difficult for me to understand that FSE is a licensee. Their members are listed under section 2. Then, FSE Inc. is reapplying for a new license. All new owners are part of Section 4. Is this the same corporation? It is just who owns the corporation that is changing? One of the new owners is UNME, LLC. Then below that it lists Melissa Cervantes. Is she the only owner? It is confusing to me to have another corporation as the owner

Mlynarik: Cervantes owns some other entity. But it is all very convoluted.

McConnell: It is difficult to come up with a form that captures all cases. We are trying to record the person and the ownership.

Jana Weltzin: UNME, LLC is a limited liability company owned by Melissa Cervantes. She did not want to own FSE as an individual. She wanted it couched as a LLC. If any owners come into UNME, they would have to be listed as licensees. The three founding members were reduced in their ownership share. Staff requested this form because of a change in the controlling interest.

Jones: I would suggest either staff or the applicant provide a narrative. You can't have a corporation with three directors.

Oates: The operating plan and the ownership breakdown both show her as the 100 percent owner of the LLC. I agree and am hearing concern about this form. We see a lot of controlling interest transfer that breaks that down. We'll take your comments into consideration. We are also looking at 17a, we will make the minor changes requested and have available to licensees.

McConnell: There hasn't been an ability to do transfers. The system is set up for the board to be notified.

- 2. License #11638: Catalyst Cannabis Company**
Licensee: Broken Dirt, LLC
License Type: Retail Marijuana Store
Premises Address: 9900 Old Seward Highway #4
Anchorage, AK 99515
Local Government: Municipality of Anchorage

● APPLICATIONS FROM PREVIOUS MEETINGS

2:09 pm

A. Tabled Applications

- 1. License #10005: Rosie Creek Farm**
Licensee: RCFC, LLC
License Type: Standard Marijuana Cultivation Facility
Premises Address: 2659 Livingston Loop
Fairbanks, AK 99709
Local Government: Fairbanks North Star Borough

For Consideration: Operating plan change and licensed premises change tabled at July meeting.

*Springer moves to approve.
Miller seconds.*

Jones: I am speaking against the motion. The only conclusion we came up with is to deny this change.

Weltzin: I heard the concern about this license. The entire area is covered by cameras. Mr. Emmers is trying to ensure his family can participate in this. To make it harder for these guys to produce food, it would be a shame to put the family in that position.

Christina Thibodeaux: He wanted to break out the licensed premises. On the diagram legend, it did say licensed premises and restricted access area. We did mean to say that each color is a licensed premises and restricted access area.

Weltzin: We meant to say that during harvest time, minors would not be present in this area.

Mlynarik: The bottom line is it is not totally contiguous.

Weltzin: Within the fence, he wants to put another fence so his kids would not see the area.

Mlynarik: But they would be in the restricted area. In the whole fenced area, anywhere marijuana passes through, would have to be restricted.

Weltzin: He wants to re-designate the high tunnels, the shacks where they process things, those areas would have site obscuring fences. During harvesting, the kids wouldn't come on the three acres at all.

Mlynarik: I think it is either restricted or not. It can't be restricted by timeframe.

Jones: We discussed this a lot when we were working on the proposal for the site. On this particular one, the licensee is well-meaning. Nobody doubted his intentions. If you have a retail store with t-shirts, you still have to restrict access. We knew this was one that was going to be particularly impacted, but we still felt like we had to say this wouldn't be acceptable to the board.

Springer: I'm sympathetic to what the applicant wants to do. But I also know we could be setting a significant precedent that might not be viewed as proper in some circles. I think we would not get good response from the public if we were to approve. I don't know what the costs involved with relocating the three vegetable greenhouses, and have them separate from the marijuana operation.

Weltzin: We did consider an idea where we would put up a fence down the middle. If it had its own entrance, would that be okay?

Springer: Why can't they move the vegetable greenhouses?

Jones: If we denied this application, would they have to pay another \$250 application fee?

McConnell: Yes.

Emmett moves to table this application to the next meeting.

Miller seconds.

McConnell: I would say we have done more than \$250 worth of work on this application.

Motion to table carries 4-1. Jones votes no.

2. License #10481:	Goldhill Gardens	<u>TAB 17</u>
Licensee:	Robert M Mikol	
License Type:	Standard Marijuana Cultivation Facility	
Premises Address:	2941 "C" Goldhill Road Fairbanks, AK 99709	

Local Government: Fairbanks North Star Borough
For Consideration: New license application tabled at July meeting.

*Jones moves to approve application.
Springer seconds.*

Emmett: This application contained a lack of information. Applicant attempted to bring new information at the last meeting.

Mlynarik: Can you give more information on employee diversion. If you have employees taking marijuana, how are you going to prevent that?

Mikol, sole owner: No one in their right mind would hire someone they don't trust. I will be there quite a bit. I am a data professional. I'll be able to determine whether there are discrepancies. Between the amount of what the weight of each plant, trimming schedule, if there is an irregularity, it will be seen right away.

Mlynarik: What is your total square footage?

Mikol: The inside square footage is 480. Ever square foot will be squeezed. I do have intentions of expanding for further growth. Will be using carbon filters. It is most likely each batch will come from clones. Once they are harvested and dried and cured, random samples will be taken and sent to the lab.

Jones: On the MJ-01, electronic records will be stored off site?

McConnell: Regulations say records must be stored on site. Older records may be stored off site. We are working on adjusting applications to make them more clear.

Motion carries 5-0.

- 3. License #10589: Natures Releaf LLC TAB 18**
Licensee: Natures Releaf, LLC
License Type: Retail Marijuana Store
Premises Address: 503 7th Avenue
Fairbanks, AK 99701
Local Government: City of Fairbanks
For Consideration: New license application tabled at July meeting.

*Springer moves to approve.
Emmett seconds.*

Barbara Paschall, applicant: I am the only applicant.

Mlynarik: Your cameras cover all the restricted areas?

Paschall: We're still working on the building right now.

Jones: You state customers will show picture id to a camera. I think you need to have someone physically verify the ID. You're going to need to rework that.

Paschall: Once they are in the door, I do plan to verify the ID.

Emmett: In Seattle, you hand your ID to the guard, they put it into a machine with a camera, and check the validity. It checks the watermarking.

Paschall: we will be physically checking IDs.

Mlynarik: Are you planning to get packages directly from cultivators? If so, be aware of requirements for packaging for direct resale.

Jones: On the MJ-01, it says you will not be packaging and shipping. On the next page it says you are transferring.

Motion carries 5-0.

4. License #12289:	Raven Buds	<u>TAB 19</u>
Licensee:	Carol Bolt; Dave A Mullis; Kerri A Mullis	
License Type:	Limited Marijuana Cultivation Facility	
Premises Address:	2441 Lawlor Road, Cabin C Fairbanks, AK 99709	
Local Government:	Fairbanks North Star Borough	
For Consideration:	New license application tabled at July meeting.	

Springer moves to approve with delegation.

Miller seconds.

McConnell: I contacted the FNSB because they did not protest, but this meets the sensitive use definition. Two sensitive uses are within the 500 foot buffer. The FNSB legal team said they cannot review for our separation distances. We don't have the tools to do that review. If the local government isn't going to do it, we have a problem. As far as I can tell, the entrance is within 500 feet of the sensitive use area.

Springer: Maybe Fairbanks is an anomaly. We don't need a protest from a local government. If we are pretty assured on our own, we shouldn't consider the lack of protest by the Borough to have any weight.

Kerri Mullis:

Emmett: My concerns is even if we approve this, the landowner might not grant them access. I don't know if this board has the authority to tell a land owner what they can do with their property.

Springer: Where in Fairbanks is Lawlor Road?

Mullis: it is near the University.

Mullis: On the objection, this is a homesteaded piece of property. Back in 1977, there was a conditional use permit given to Fairbanks Youth Services by BLM for it to be used as a boys home. They didn't do anything for awhile. In 1990, they were in the process of losing their land. They decided to develop the facility. TCC has a lease. None of this land is owned. This is a conditional use permit given to Fairbanks Youth Services, which is now defunct. They have leased 80 acres from the west side of Lawlor. Lawlor divides the two 80 acre parcels. The 80 acres on the far side of Lawlor is where TCC leased for the facility. The other 80 acres is a closed facility. It is locked down at night. This is why we felt like we were in compliance. From our door to their 80 acres, which they don't have title to, is approximately 1280 feet. To the door is about 1500 feet from this little cabin. I have 8 letters from people who have known me this whole time, stating they have never seen children in this field.

Jones: When the GRAFF facility was a joint project, I was the director and signed approval documents for how the facility was accredited. I was intimately involved in the creation of this facility.

Emmett: This is a treatment center for teens. I might have a hard time siding with the licensee. Those individuals who are most vulnerable to drug and alcohol abuse are close by.

Motion fails. License is denied 0-5.

- 5. License #12398: High Tide Distributors TAB 20**
 Licensee: Dennis R Humphrey
 License Type: Limited Marijuana Cultivation Facility
 Premises Address: 49172 Heights Lane
 Nikiski, AK 99635-8295
 Local Government: Kenai Peninsula Borough
**For Consideration: Conditions pursuant to 3 AAC 306.060(b)
 PFD Residency Ruling Appeal**

*Springer moves to approve.
 Emmett seconds.*

Jones: cover letter states PFD appeal was successful. I can't remember if we tabled because of those reasons.

McConnell: it does not appear there was discussion.

*Springer moves to table.
 Miller seconds.
 Motion to table carries 5-0.*

● **BOARD CONSIDERATION**

3:00pm

A. CannTest (#10009) Report

McConnell: He was required to bring his operating procedures to the board. I did not receive these in time to review them prior to the board meeting.

Mark Malaghodi and Johnathan Rupp online.

McConnell: I received operating procedures.

Rupp: We have clarified policies and procedures.

- B. License #10188 The Green Pearl, LLC TAB 21**
 Licensee: The Green Pearl, LLC
 License Type: Standard Marijuana Cultivation Facility
 Premises Address: 3678 S Wolverine Drive
 Big Lake, AK 99652
 Local Government: Matanuska-Susitna Borough
For Consideration: PFD Residency Ruling

McConnell: This license is in delegated status. This is a residency issue. Our enforcement staff looked at whether this licensee is a resident. The enforcement team established that this licensee lives in Alaska. However, according to information he provides to us, he is out of state for more than 6 months per year. He was denied for a PFD in 2017. The regulations require licensees to meet the qualifications for a permanent fund dividend? Does he meet the qualification? No. Is he a resident? Yes. This is a difficult situation.

Jones: I assume staff is not going to issue the license. You have made the determination that one of the applicants does not meet the residency requirement. If the owner in question files a form to withdraw, you could, without us, approve the license?

McConnell: I'm not sure why still in delegated status. Staff came to me to discuss the use of MJ-18s. I see no reason for them to fill out an MJ-18. Why would we second guess PFD office? I'm changing the decision to accept MJ-18s if they were already denied. This person has twice been denied a PFD. Having brought this to the board, if the board takes no action, would take that as a strict interpretation of residency requirements. It is likely this would have to come to the board as a transfer.

Jones: Have you considered whether you want to maintain your interest given the PFD issues?

Bowles: Because I travel, I'm not eligible. This is a 50-50 business with my nephew.

Jones: I understand from his answer that he is stating he is a resident. I understand some years he may qualify and some years he may not. That doesn't make him less a resident in his mind. We have a definition in regulations that we have to honor. I'm trying to figure a way around this. Is there any administrative procedure where we could get legal clarification about a case like this, where most years he is a resident, and in some years he is not? I don't want him to sue us.

Milks: I think not without amending the regulation. The regulation is pretty clear. Until you change that, you're stuck with it. If the board wants to reinterpret that, then you'd be skating on thin ice.

McConnell: I think it is in the interest of the board to have licensees live in Alaska. I believe my office cannot verify the residency of every applicant, I would find it reasonable for the board to create a carve-out through a regulations project, and postpone these gentlemen from moving forward pending a successful project moving forward. You don't care whether licensees get dividends. You care whether they live in Alaska. There should be some accommodation. My recommendation would be do a regulations project. This is very clear. It creates a bright line.

Springer: The board has purview to approve or deny a license application. The question of whether we should try to develop a carve-out is troublesome to me. There are plenty of Alaskans that spend time in winter outside, who may be interested in starting a business but may be ineligible. I think we need to maintain the bright line we have now. It is difficult, no question. We have our regulation that says we are currently using PFD qualifying criteria. I'm not saying this unsympathetically.

Mlynarik: We struggled with this and we changed it for a reason. If we have carve-outs, it's just going to cause more time. Where does that end. What we came up with was good.

Milks: The defacto effect is for the license to remain in limbo forever. He would have the ability to take this to the Office of Administrative Hearings.

Springer: I figured if we took no action, that would be a signal to you to deny the license.

McConnell: I will send effectively a denial letter which will allow him to appeal.

C. License #12830	Arcticanna	<u>TAB 22</u>
Licensee:	Nadia Ispas	
License Type:	Limited Marijuana Cultivation Facility	
Premises Address:	756 Davenny Drive Fairbanks, AK 99712	
Local Government:	Fairbanks North Star Borough	
For Consideration:	Licensed premises/restricted access area issues	

Springer moves to approve.

Emmett seconds.

McConnell: there was a discrepancy between what was described to the board and what appeared at the inspection. I don't think this can move forward as is.

Springer withdraws motion to approve.

Jones: I would move to revoke the approval from the July meeting.

Springer seconds.

Jones: Given the layout of the house, I think we'd be better off requiring changes to the house and reapproving later.

Ispas: I submitted MJ-14 yesterday morning. Boyfriend has a permit, and whole hose is designated as premises.

Jones: For a motion to be reconsidered, it has to be noticed for the next meeting.

Motion to revoke approval with delegation carries 5-0. The application will be brought back to the board with new premises diagram in November.

D. License #13487:	The Connoisseur	<u>TAB 23</u>
Licensee:	The Connoisseur, LLC	
License Type:	Standard Marijuana Cultivation Facility	
Premises Address:	3200 W Top of the World Circle, Unit A Wasilla, AK 99654	
Local Government:	Matanuska-Susitna Borough	
For Consideration:	PFD Residency Ruling Appeal	

Jones moves to table the application until the next meeting.

Springer seconds.

Chad Rausch: I want to make sure you understand my partner Matt Chambers, had a clerical issue with filling out the form online.

Jones: If PFD is not going to address the appeal until May, there is nothing we can do until they deal with this. If they agree it is clerical, that's fine. If they disagree, and their decision is upheld, there is nothing we can do. The MJ-18 is for those who are eligible but do not apply for the PFD. It asks all the same questions. You will be on the agenda at the meeting following your partner's appeal.

Oates: This is our second application where PFD denies based on reasons other than residency requirements. The regulation is that an individual has to meet the residency requirement of the PFD. There may be other reasons why they may be denied.

Emmett: I don't know the exact details of this denial. I was issued an incorrect fishing license while on vacation in Oregon. It was a lengthy process to get my PFD reinstated. In a situation such as this, if it is not a residency requirement, but rather semantic, we may be able to make an exception.

Jones: The information we have is that the PFD was denied and he is in appeal. I don't have any way to judge.

McConnell: One of the reasons it was denied was because they filled out the application online while they were on vacation.

Springer: We don't expect the PFD office to make decisions about marijuana applications. Nor do I think we should be second guessing the PFD office about their process.

Miller exits the meeting.

Motion to table the application passes 4-0.

E. License #10005:	Rosie Creek Farm	<u>TAB 24</u>
Licensee:	RCFC, LLC	
License Type:	Standard Cultivation Facility	
Premises Address:	2659 Livingston Loop Fairbanks, AK 99709	
Local Government:	Fairbanks North Star Borough	
For Consideration:	Request for Retest	

The request has been withdrawn.

● **NEW MARIJUANA HANDLER COURSE PROVIDER APPLICATIONS**

*Miller rejoins the meeting.
Emmett recuses himself.*

- A. MHCP 022:** **Alaska Marijuana Handler Certification**
Applicant: Cannabis Integration/Evan Erickson

*Springer moves to approve MHCP 022.
Jones seconds.
Springer moves to table.
No applicant.
Jones seconds.
Motion carries 4-0*

- B. MHCP 023:** **Alaska Marijuana Handler Permit Education Course**
Applicant: BudtenderExam.com/Edward McLean

*Springer moves to approve.
Jones seconds.*

Jones: Given the extensive list of topics covered, can you tell me why your final questions are only 35, and the person only has to get 85 percent to pass, and do the 35 questions adequately cover all the information a handler should be expected to understand?

McLean: We can definitely ask more questions. We cover each topic required in the training. A lot of other tests you only need to pass by 70 percent.

Jones: you only talk about inhalation. You don't talk about edibles.

McLean: The questions are randomized for each user. If someone fails on the first 10, they don't receive the same questions the next time.

Jones: I don't know that I have enough expertise to place conditions on this. Hopefully you would have the expertise to say this is enough to test knowledge.

Springer: You're in Kenai?

McLean: No. I'm in Florida.

Motion fails 1-3. Mlynarik votes yes. Miller, Jones, and Springer vote no.

● **OPERATING PLAN CHANGES**

- A. License #10015:** **Greatland Ganja, LLC**
Licensee: Greatland Ganja, LLC
License Type: Standard Marijuana Cultivation Facility
Premises Address: 56475 Sterling Highway
Kasilof, AK 99610
Local Government: Kenai Peninsula Borough

TAB 27

Springer moves to approve.
Miller seconds.

Jones: This will increase the total area of cultivation? And also change fertilizers?

Weltzin: And also the addition of CO2.

Springer: These pesticides were on the original plan?

Weltzin: The revised version and the original version.

Motion carries 4-0 (Emmett still recused).

B. License #10245:	AK Slow Burn Cannabis Outlet	<u>TAB 28</u>
Licensee:	AK Slow Burn Cannabis Outlet, LLC	
License Type:	Retail Marijuana Store	
Premises Address:	2042 E 3 rd Avenue, Suite A Anchorage, AK 99501	
Local Government:	Municipality of Anchorage	

Springer moves to approve.
Miller seconds (Emmett rejoins).

Weltzin: This applicant is in a high crime neighborhood and doesn't want people to know where the panic button is.

Jones: That doesn't make sense to me.

Springer: We've discussed other applicants for similar reasons. Panic buttons are not required. We have to respect the licensee on this. I don't have a problem with that.

Mlynarik: It is part of the alarm system. I don't think we want to get into the habit of leaving components of the alarm system out of the plan. I understand not wanting to disclose the location, but it needs to still be in the plan.

Motion carries 5-0.

C. License #10886:	Good Titrations	<u>TAB 29</u>
Licensee:	FSE, Inc.	
License Type:	Marijuana Product Manufacturing Facility	
Premises Address:	1770 Donald Avenue, Suite B Fairbanks, AK 99701	
Local Government:	Fairbanks North Star Borough	

Emmett recused as board members, addresses as licensee.

Springer moves to approve.
Miller seconds.

Jones: First two items being changed because adding food grade terpenes?

Emmett: We didn't change the packaging. We're just adding terpenes.

Mlynarik: What is the range for THC?

Emmett: between 77 percent and 92 percent. You could get approximately 100 pulls on a cartridge. If you took four or five pulls off a marijuana joint, you would end up with more THC in your system than the same off a vape pen cartridge. They are popular among soccer moms.

Motion carries 4-0.

● **NEW STANDARD MARIJUANA CULTIVATION FACILITY APPLICATIONS**

A. License #12173: **Northern Lights Cultivation 2** **TAB 30**
Licensee: Jesse Hoyt and Jacob G Rodriguez
Premises Address: 4705 N Tongass Highway, Apt 1
Ketchikan, AK 99901
Local Government: City of Ketchikan

*Emmett rejoins as board member.
Springer moves to approve.
Emmett seconds.*

McConnell: We got a late protest from the local government and the regulations state the director may not accept. I have included that as public comment so you may see all the issues raised (proposed business in a residential area, no business license registration, or fire marshal approval).

Jones: you are aware employees must have a handler card in their possession prior to employment. I'm not sure you have an understanding of what "tamper proof" means according to the regulations.

Mlynarik: How will your alarms system be activated and by whom?

Hoyt: It is a keypad that recognizes a thumbprint.

Mlynarik: More information on employee diversion.

Hoyt: We'll have cameras. Will do inventory.

Jones: When you look at the premises diagram, it shows residential on the bottom floor of the building. But on the diagram shows the top floor as residence. In the letter from Ketchikan, it says you have not met other requirements for fire code. Have you talked to the fire marshal about this particular gas being used in a residential facility?

Hoyt: That is why they protested. We're working on getting our building permit.

Mlynarik: You are required to preserve and maintain records. Biotrack record isn't the only record you are required to keep.

Springer: I'm a little concerned about the CO2 bottles. You going to have CO2 alarms?

Hoyt: I'm not exactly sure what the fire marshal requires. There are two bathrooms in the facility. Building contains two separate apartments. CO2 is directed to the ground.

Springer: Concerned pumping CO2 into a residence.

Hoyt: we have a conditional use permit from the borough. We are surrounded by commercial buildings.

Emmett moves to table the application. Springer second.

Jones: They're going to have to revise this application. They need to address the letter from the city of Ketchikan.

Springer: it's not staff's job to walk people through the process. If you are applying for a standard cultivation license you have money to invest.

Motion to table carries 5-0.

B. License #12311: **Juneau's Green Garden**
Licensee: ISG, Inc.
Premises Address: 5011 Short Street, Suite 1
Juneau, AK 99801
Local Government: City and Borough of Juneau

*Springer moves to approve with delegation.
Emmett seconds.*

Weltzin, counsel; Borroughs, applicant online.

Weltzin: the conditional use permit was not obtained by this licensee.

Borroughs: there is no plan for the second half of the warehouse. It was a storage for a museum. It is no longer being used. The landlord may be looking to lease it. It is fully separated. There is no access between buildings. The former business partnership did not work out. I went out on my own, and tried to obtain the state license. I feel like I need to do a conditional use permit under my own name and plan. I'm looking to go through the process again, because my plan is a lot different than the last one submitted.

Motion carries 5-0.

- | | |
|---------------------------|---|
| C. License #12488: | Thirdstate |
| Licensee: | H.E. Holdings, LLC |
| Premises Address: | 200 Pheasant Farm Road
Fairbanks, AK 99712 |
| Local Government: | Fairbanks North Star Borough |

Springer moves to approve.

Emmett seconds.

Applicant: Two greenhouses. There is also a house on the property. We're renting the entire 40 acre parcel. We enclosed everything from the warehouse to the greenhouse as restricted access area. Road is a right of way access to neighbor that cuts through property. They are building a new driveway.

Jones: As part of the inspection, you need to have that right of way issue all done.

Motion carries 5-0.

- | | |
|---------------------------|--|
| D. License #12616: | Frisson Farms, LLC. |
| Licensee: | Frisson Farms, LLC |
| Premises Address: | 5060 Haystack Drive
Fairbanks, AK 99712 |
| Local Government: | Fairbanks North Star Borough |

Springer moves to approve with delegation.

Emmett seconds.

Lance Wells, for Frisson Farms.

Wells: Building is constructed. The building is a mobile home.

Applicant: The neighbor's driveway does not cross the property.

Motion carries 5-0.

- | | |
|---------------------------|--|
| E. License #12633: | Emerald City Organics, LLC |
| Licensee: | Emerald City Organics, LLC |
| Premises Address: | 4250 Field of Dreams Street
Wasilla, AK 99654 |

Local Government: Matanuska-Susitna Borough

*Springer moves to approve.
Emmett seconds.*

Jay Murray, and Nate Moulton, applicants.

Moulton: We will not be creating a solvent based waste. We put it in there to show there will be no diversion using solvent based waste.

Emmett: if the waste has been mixed with a solvent it has to be disposed of in a different way.

Moulton: Other structure on parcel is the landlord's residence. No one connected to license lives on the property. But landlord does live on property.

Murray: there is a fire exit off the flower room and one out the back. Camera equipment all stored on site. Landlord will not have access to the facility.

Springer: Lease says landlord reserves reasonable right of access and entry. Lease doesn't say it is for a licensed marijuana facility. It doesn't say that the contents belong to the board. It hazards you guys, but doesn't talk about processing or preparing for sale. I don't know whether this came out of your landlord's lease filing cabinet. This delegation should include lease clarifications.

Emmett: Some of the things in the lease are not consistent with state regulations.

Motion carries 5-0 with delegation responsibilities.

F. License #12783: Homer Budz, LLC
Licensee: Homer Budz, LLC
Premises Address: 67835 Virginia Avenue
Homer, AK 99603
Local Government: Kenai Peninsula Borough
For Consideration: Conditions pursuant to 3 AAC 306.060(b)

*Springer moves to approve with delegation.
Miller seconds.*

Robert Moore, applicant.

Moore: Area code 520 is Tucson, Ariz.

Jones: Who occupies all other buildings?

Moore: We do. We control the property. My son is the manager. He will live on the property.

Motion carries 5-0.

G. License #12808: Tundra Jane
Licensee: ACF Ventures, Inc.
Premises Address: 2429 E 88th Avenue, Suite 300
Anchorage, AK 99507
Local Government: Municipality of Anchorage

*Springer moves to approve with delegation.
Emmett seconds.*

Mariam Swanson is online. Weltzin, counsel.

Weltzin: ACF is a C corporation. Under the C Corp you have Mariam's LLC. That LLC owns 50 percent of ACF. Y&Y investments is owned by two others, who have 50 percent ownership. All three people have the ownership. On the premises, it is all restricted access except for the showroom. The shared areas (office and kitchen) are all locked. You can only get to them if you are an employee.

Springer: We're back to licensees sharing space. Are any of the shared spaces considered part of a licensed premises?

Weltzin: No. However staff wants to define that. Each entrance is locked and can only be accessed by the respective employee.

Jones: This is a corporate structure with all these shared spaces and accesses. While I understand employees that move back and forth will have the right keys, it is one more complicated thing that bothers me. I will put it on the record I am concerned. If it shows up on an NOV, I can say I told you so.

Springer: The building in it's entirety is owned by Tina and Helen.

Weltzin: AWWU has indicated wastewater may be disposed of into the drain.

Motion carries 5-0.

Meeting adjourned for the day.

**Marijuana Control Board
Meeting Minutes
September 15, 2017
Second Judicial District
Aurora Inn Conference Room
302 Front Street
Nome, Alaska**

Board Members Present:

Peter Mlynarik, Chair, Public Safety Member
Mark Springer, Vice Chair, Rural Member
Brandon Emmett, Industry Member
Nick Miller, Industry Member
Loren Jones, Public Health Member

Staff Members Present:

Erika McConnell, Director
Jedediah Smith, Local Government Specialist

Legal Counsel Present:

Harriet Milks, Assistant Attorney General

● **ADMINISTRATION**

A. Call to Order

9:00am

● **LICENSE RENEWAL APPLICATIONS**

- | | | |
|---------------------------|---|----------------------|
| A. License #10005: | Rosie Creek Farm | <u>TAB 52</u> |
| Licensee: | RCFC, LLC | |
| License Type: | Standard Marijuana Cultivation Facility | |
| Premises Address: | 2659 Livingston Loop
Fairbanks, AK 99709 | |
| Local Government: | Fairbanks North Star Borough | |
| For Consideration: | Notice of Violation | |
| | | |
| B. License #10008: | Green Jar | <u>TAB 53</u> |
| Licensee: | Caleb L Saunders; Christopher T Farris; Bailey A Stuart | |
| License Type: | Retail Marijuana Store | |
| Premises Address: | 4901 E Blue Lupine Drive, Building 2, Unit E
Wasilla, AK 99654 | |
| Local Government: | Matanuska-Susitna Borough | |
| For Consideration: | Notice of Violation | |

- C. License #10009:** **CannTest, LLC** **TAB 54**
 Licensee: CannTest, LLC
 License Type: Marijuana Testing Facility
 Premises Address: 620 E Whitney Road, Suite B
 Anchorage, AK 99501
 Local Government: Municipality of Anchorage
For Consideration: **Notice of Violation**
- D. License #10021:** **Enlighten Alaska, LLC** **TAB 55**
 Licensee: Enlighten Alaska, LLC
 License Type: Retail Marijuana Store
 Premises Address: 2600 Spenard Road
 Anchorage, AK 99503-8934
 Local Government: Municipality of Anchorage
For Consideration: **Notice of Violation**
- E. License #10027:** **Black Rapids LLC** **TAB 56**
 Licensee: Black Rapids, LLC
 License Type: Standard Marijuana Cultivation Facility
 Premises Address: 721 Cloud Road
 North Pole, AK 99701
 Local Government: Fairbanks North Star Borough
For Consideration: **Notice of Violation**
- F. License #10035:** **Arctic Herbery** **TAB 57**
 Licensee: Bryant D Thorp
 License Type: Standard Marijuana Cultivation Facility
 Premises Address: 7107 Arctic Boulevard
 Anchorage, AK 99518
 Local Government: Municipality of Anchorage
For Consideration: **Notice of Violation;**
MJ-17a: Temporary Ownership Change Report
- G. License #10037:** **Arctic Herbery** **TAB 58**
 Licensee: Bryant D Thorp
 License Type: Retail Marijuana Store
 Premises Address: 7107 Arctic Boulevard
 Anchorage, AK 99518
 Local Government: Municipality of Anchorage
For Consideration: **Notice of Violation;**
MJ-17a: Temporary Ownership Change Report
- H. License #10056:** **Red Run Cannabis Company, LLC** **TAB 59**
 Licensee: Red Run Cannabis Company, LLC
 License Type: Retail Marijuana Store
 Premises Address: 5455 Kenai Spur Highway, Suite B
 Local Government: City of Kenai
For Consideration: **Notice of Violation**

- | | | |
|---|--|-----------------------------|
| <p>I. License #10063:
 Licensee:
 License Type:
 Premises Address:</p> <p>Local Government:
 For Consideration:</p> | <p>Bob’s Morning Bear Cultivation
 Brennan J Norden
 Limited Marijuana Cultivation Facility
 21725 Evelyn May Street
 Kasilof, AK 99610
 Kenai Peninsula Borough</p> <p>Notice of Violation</p> | <p><u>TAB 60</u></p> |
| <p>J. License #10082:
 Licensee:
 License Type:
 Premises Address:</p> <p>Local Government:
 For Consideration:</p> | <p>Einstein Labs
 Einstein Enterprises, Inc.
 Marijuana Product Manufacturing Facility
 2939 Porcupine Drive, Suite B
 Anchorage, AK 99501-3118
 Municipality of Anchorage</p> <p>Notice of Violation</p> | <p><u>TAB 61</u></p> |
| <p>K. License #10156:
 Licensee:
 License Type:
 Premises Address:</p> <p>Local Government:
 For Consideration:</p> | <p>Elevated Innovations, LLC
 Elevated Innovations, LLC
 Standard Marijuana Cultivation Facility
 405 Ream Lane
 Fairbanks, AK 99712
 Fairbanks North Star Borough</p> <p>Objections/comments/complaints
 MJ-17a: Temporary Ownership Change Report</p> | <p><u>TAB 62</u></p> |
| <p>L. License #10170:
 Licensee:
 License Type:
 Premises Address:</p> <p>Local Government:
 For Consideration:</p> | <p>Green Degree
 Coman Farming Corporation
 Limited Marijuana Cultivation Facility
 2301 South Knik Goose-Bay Road #1
 Wasilla, AK 99654
 Matanuska-Susitna Borough</p> <p>Notice of Violation</p> | <p><u>TAB 63</u></p> |
| <p>M. License #10230:
 Licensee:
 License Type:
 Premises Address:</p> <p>Local Government:
 For Consideration:</p> | <p>Pakalolo Supply Company, Inc.
 Pakalolo Supply Company, Inc.
 Standard Marijuana Cultivation Facility
 1851 Fox Avenue
 Fairbanks, AK 99701-2725
 City of Fairbanks</p> <p>Notice of Violation</p> | <p><u>TAB 64</u></p> |
| <p>N. License #10288:
 Licensee:
 License Type:
 Premises Address:</p> <p>Local Government:
 For Consideration:</p> | <p>Foxy Enterprises
 Glen Kroshus and Barbara Kroshus
 Standard Marijuana Cultivation Facility
 2330 Gunner Lane
 Fairbanks, AK 99712
 Fairbanks North Star Borough</p> <p>Notice of Violation</p> | <p><u>TAB 65</u></p> |

- O. License #10306:** **Dankorage, LLC** **TAB 66**
 Licensee: Dankorage, LLC
 License Type: Retail Marijuana Store
 Premises Address: 2812 Spenard Road
 Anchorage, AK 99503
 Local Government: Municipality of Anchorage
For Consideration: **Notice of Violation;**
MJ-17a Temporary Ownership Change Report
- P. License #10307:** **Alaska Fireweed** **TAB 67**
 Licensee: SEU, LLC
 License Type: Retail Marijuana Store
 Premises Address: 715 W 4th Avenue
 Anchorage, AK 99501
 Local Government: Municipality of Anchorage
For Consideration: **Notice of Violation;**
MJ-17a: Temporary Ownership Change Report
- Q. License #10316:** **Denali 420 Recreationals** **TAB 68**
 Licensee: Silverthorn Investment Group, LLC
 License Type: Retail Marijuana Store
 Premises Address: 2876 N Rex Road
 Houston, AK 99694
 Local Government: City of Houston
For Consideration: **Notice of Violation**
- R. License #10489:** **Ester Horticulture and Research** **TAB 69**
 Licensee: John Collette
 License Type: Limited Marijuana Cultivation Facility
 Premises Address: 2960 Ester Dome Road
 Fairbanks, AK 99709
 Local Government: Fairbanks North Star Borough
For Consideration: **Notice of Violation**
- S. License #10500:** **Frozen North Farms** **TAB 70**
 Licensee: Aaron D Worthen
 License Type: Limited Marijuana Cultivation Facility
 Premises Address: 1213 Paige Avenue
 North Pole, AK 99705
 Local Government: Fairbanks North Star Borough
For Consideration: **Notice of Violation**
- T. License #10592:** **Alaska Cannabis Cultivators** **TAB 71**
 Licensee: Branden M Roybal
 License Type: Standard Marijuana Cultivation Facility
 Premises Address: 3665 Worrell Avenue, Unit 1
 Fairbanks, AK 99701
 Local Government: Fairbanks North Star Borough
For Consideration: **Notice of Violation**

U. License #10831: **High Bush Buds**
 Licensee: High Bush Buds, Inc.
 License Type: Retail Marijuana Store
 Premises Address: 36312 Irons Avenue, Suite 2
 Soldotna, AK 99669
 Local Government: Kenai Peninsula Borough
For Consideration: **Notice of Violation**

TAB 72

*Springer moves to approve renewals Tabs 52-72 with delegation.
 Emmett seconds.*

Jones: Tab 62 (Elevated Innovations) stuck out to me because of new objections, but no notice of violations. Objection states enforcement said licensee was out of compliance, but there are no notice of violations in the packet.

McConnell: Anyone who got a notice of violation after July 1, you will see next renewal season. A lot of these came in August. According to 306.065 allows for objection during renewal, but there is no required posting for renewals. We take in objections as they come. The notice of violation was written by enforcement during the FY18 year.

Emmett: I'm familiar with this licensee. They stated in their operating plan their odor control was dissipation. This is in an agricultural zone.

Jones: I'm not going to oppose their renewal.

Mlynarik: I don't know if we'll want to include these objections if we aren't supposed to factor the objection in the renewal.

McConnell: If somebody renews on the last day, and we do require a notice, then the objection is going to come in after the deadline.

McConnell: The local government is also given notice of the renewal.

Jones: Our clerk gives that to department employees, but doesn't necessarily send that out to the public. So far I haven't seen anything that the local government has waived its right to protest.

McConnell: We didn't necessarily get out every local government notice on July 1. This is why we have the temporary license.

Oates: We have not heard back from all local governments. If there is a protest, we will have to bring them back.

McConnell: We won't issue the final license until either we've heard back from the local government or the period has lapsed.

Motion carries 5-0.

● **NEW STANDARD MARIJUANA CULTIVATION FACILITY APPLICATIONS**

A. License #13374: **Knik Glacier Gardens**
 Licensee: Knik Gardens, LLC
 Premises Address: 25930 E Knik River Road
 Palmer, AK 99645
 Local Government: Matanuska-Susitna Borough

TAB 37

*Springer moves to approve with delegation.
Emmett seconds.*

Craig Reich, applicant: There is one driveway in.

Springer: Apart from the barely readable map. The premises diagrams are very good.

Reich: I don't plan of having any hazardous waste. But if there is, it might be bleach. Most of this application, I try to refer back to the rules and regulations. The whole industry seems to be about following the rules. I probably included more in here than I needed to.

Mlynarik: There is one public objection, but it doesn't look like it qualifies.

Springer: Are you familiar with this objection letter from Diane Phillips? She is describing what she sees as the character of the area. But it doesn't really rise to the level of a qualifying objection.

Motion carries 5-0.

● **NEW LIMITED MARIJUANA CULTIVATION FACILITY APPLICATIONS**

- 1. License #11350:** **Hardworking Hippies**
Licensee: Nathan D Penrod and Preston S Penrod
Premises Address: 49755 Sterling Highway
Soldotna, AK 99669
Local Government: Kenai Peninsula Borough
For Consideration: **Conditions pursuant to 3 AAC 306.060(b)**

TAB 38

*Springer moves to approve.
Emmett Seconds.*

Nathan and Preston Penrod, online.

Jones: Can you explain the difference between Metrc and other ID tags.

Nathan: We will be using the TRACE WEED, Not the METRC tracking, but we will be using METRC

Emmett: Are you aware that whatever system you use has to be compatible with METRC?

Nathan: Yes, we are aware.

Springer: I believe METRC supplies the tags. Why are you using two kinds of tags.

Nathan: Just making sure we have all our bases covered. We are using the METRC system.

Springer: As long as you haven't signed a contract with Trace Weed, I suppose you'll be alright.

Jones: There are a couple of objections, one of which includes the construction of a bed and breakfast at this location. The objections say this is in a small residential cul-de-sac.

Nathan: That objection must be misinformed. There is no and never was a bed and breakfast. We live in that same cul-de-sac.

Emmett: One of the other concerns has to do with traffic congestion?

Nathan: They thought we were running a retail store. He was better after we explained to him that we were cultivators and won't have heavy traffic.

Jones: I would like to see some updated photos of what this area looks like. I'd like to see improvement in description of access.

Nathan: I can tell you right now the only building in site is the building in which we reside. No one else can see the shop.

Springer: I don't find any reference to affiliate Grant Heath.

Nathan: He was helping us with some of the paperwork. We went ahead and listed him. But the only ones with financial interest are Preston and Nathan.

Mlynarik: Need more information on the alarm system. Your disposal of unusable marijuana, are you still planning on grinding everything?

Nathan: We will be grinding it.

Emmett: This is the second one we've seen that says 'not processed with solvent.' You are saying you don't plan to use toxic waste.

Nathan: Correct.

Motion carries 5-0.

- 2. License #12523:** **AK Kush**
Licensee: AK Kush, LLC
Premises Address: 1055 N Helen Lane, Units 3 & 4
Wasilla, AK 99654
Local Government: Matanuska-Susitna Borough

TAB 39

*Springer moves to approve with delegation.
Emmett seconds.*

Weltzin, counsel.

Jones: I had trouble on the premises diagram.

Lloyd, licensee: It is one continuous unit. This is a side by side duplex unit with no second floor. A door cut to connect.

Motion carries 5-0.

- | | | |
|---------------------------|--|----------------------|
| 3. License #12580: | Brown Owl's Cultivation | <u>TAB 40</u> |
| Licensee: | Winazar, LLC | |
| Premises Address: | 320 Wright Lane
Fairbanks, AK 99712 | |
| Local Government: | Fairbanks North Star Borough | |

*Springer moves to approve.
Emmett seconds.*

Weltzin, counsel. Adam, licensee.

Jones: Discussion about location of facility on property.

Motion carries 5-0.

- | | | |
|---------------------------|--|----------------------|
| 4. License #12935: | DYZ Alaska, LLC | <u>TAB 41</u> |
| Licensee: | DYZ Alaska, LLC | |
| Premises Address: | 350 N Pioneer View Circle
Wasilla, AK 99654 | |
| Local Government: | Matanuska-Susitna Borough | |

*Springer moves to approve with delegation.
Emmett seconds.*

Shelia Perscalla, applicant.

Mlynarik: Explain how the alarm system works.

Perscalla: It is not installed yet. Once it is, we'll be educated on how it works. Motion activated cameras and night vision security.

Mlynarik: Doors will have sensors?

Springer: This is attached to residence.

Perscalla: Two people live there, sometimes three. Plan to have a maximum of five employees.

Springer: We? Employees?

Motion carries 5-0.

- | | | |
|---------------------------|--|----------------------|
| 5. License #13102: | Alaskabuds, LLC | <u>TAB 42</u> |
| Licensee: | Alaskabuds, LLC | |
| Premises Address: | 6421 Admiralty Circle
Wasilla, AK 99564 | |
| Local Government: | Matanuska-Susitna Borough | |

*Springer moves to approve with delegation.
Emmett seconds.
Miller recused.*

*Nick Miller, applicant.
Jones: looks like most of the building is open to the first floor. There is a mezzanine. Most of the grow operation will be on the mezzanine.
Mlynarik: The only comment I had is the overall square footage, spaces aren't really broken down.
Miller: It is broken down in the MJ02.*

Motion carries 4-0.

Nicholas Miller rejoins the board.

- | | | |
|---------------------------|--|----------------------|
| 6. License #13202: | Matanuskas Finest | <u>TAB 43</u> |
| Licensee: | Hybrid, LLC | |
| Premises Address: | 905 S Vicki Way C
Wasilla, AK 99654 | |
| Local Government: | Matanuska-Susitna Borough | |

*Springer moves to approve with delegation.
Emmett seconds.*

*Zane Ulin, applicant.
Jones: You mention an extraction operation. Are you involved?
Ulin: It is in the same building. I have not made an application for an extracting license.
Mlynarik: There is a requirement that you have something on doors and windows. I don't think it is as you can afford it. You need breach alarms. 306.715b2, must have security and alarm system on all exterior doors and windows.
Ulin: we can do that.
Jones: Can you explain 'company software?'
Ulin is developing proprietary software he hopes to take to market. Will use METRC.
Ulin: Google Image we used shows a connex with a roof. Now it sits on the south side of the building with a door cut though. It is currently used for storage, but that's where we hope to put an extraction facility.*

Motion carries 5-0.

- | | | |
|---------------------------|---|----------------------|
| 7. License #13299: | Down to Earth Farms | <u>TAB 44</u> |
| Licensee: | Zlorg, LLC | |
| Premises Address: | 20288 East Birch Hill Drive
Palmer, AK 99645 | |
| Local Government: | Matanuska-Susitna Borough | |

*Springer moves to approve with delegation.
Emmett seconds.*

Evelyn Reich, applicant.

Jones: One of the objections had a picture of the neighborhood and building. Are you the only licensee? Is your son an employee or involved.

Reich: This property was once my husband and mine. I got the property in the divorce. My son's application was just approved. He's down the road.

Jones: On the facilities diagram, is this all on one level?

Reich: It's all under construction right now. One story. Building is all secured. Trimming area is the restricted access.

Reich: I plan on going overboard with odor control. I attended the community council meeting to address objections.

Jones: One of the objection letters discuss family home school, described as a "legal school" and operates less than 500 feet. Is that defined as a school.

Milks: This board has declined to defined recreational or youth facility or school. You have your own definition you need to follow. You have not adopted the state statute definition of school. 306.010 & 306.990(35)

Jones: This objection says "defined as a legal school defined under ...Our definition

Milks: The board has not defined school. At one point the board entertained the idea of adopting other statutory definitions of school. I don't see in the objection any evidence that this is a school beyond the citation.

Oates: The language in AS 14.30.010 refers to attendance. Section does not refer to home school.

Mlynarik: I think people are cutting and pasting. You are responsible for what you put in your application.

Motion carries 3-2. Mlynarik and Jones vote no.

Oates: Regarding (Tab 20) PFD issue, residency is not an issue.

Emmett moves to discuss 12398 at the end of the meeting if there is time.

Springer seconds.

Motion carries 5-0. Application will be addressed at the end of the meeting, if time.

Break

● NEW RETAIL MARIJUANA STORE APPLICATIONS

A. License #10252:	Popeyes Emporium II	<u>TAB 45</u>
Licensee:	Popeyes Emporium II, LLC	
Premises Address:	3231 Spenard Road, Unit 1 Anchorage, AK 99503	
Local Government:	Municipality of Anchorage	

Springer moves to approve with delegation.

Emmett seconds.

Jana Weltzin, counsel, and Mark Magnum, applicant online.

Jones: On preventing diversion, there doesn't seem to be a lot of room behind the counter to store things, and the only mention of a refrigerator is in the office/ employee break room. Without dimensions, it is hard to understand product storage. The descriptions didn't fit with how I see the premises diagram.

Weltzin: There will be a little refrigerator behind the counter. There will not be marijuana in the unrestricted area.

Jones: In a retail facility, if you receive product that didn't meet quality standards, you don't accept it. You reject it. It gets returned to cultivator.

Weltzin: If they receive a bulk package and it lands on the floor, things can happen in a retail store, where product gets contaminated.

Motion carries 5-0.

- | | | |
|---------------------------|--|----------------------|
| B. License #11927: | Green Life Supply LLC | <u>TAB 46</u> |
| Licensee: | Green Life Supply, LLC | |
| Premises Address: | 511 30 th Avenue
Fairbanks, AK 99701 | |
| Local Government: | City of Fairbanks | |

Springer moves to approve with delegation.

Emmett seconds.

Nathan Davis, applicant online.

Jones: It is really difficult to match the narrative with the premises diagram. The diagram is very poor.

Davis: describes premises with more detail, including ID checkpoint, sales counter. We have a cultivation facility that is fully active. Product packaging will be handled at cultivation facility.

Motion carries 5-0.

- | | | |
|---------------------------|------------------------------------|----------------------|
| C. License #12313: | Juneau's Green Market | <u>TAB 47</u> |
| Licensee: | ISG, Inc. | |
| Premises Address: | 263 Marine Way
Juneau, AK 99801 | |
| Local Government: | City and Borough of Juneau | |

Springer moves to approve.

Emmett seconds.

Weltzin, counsel and Paul Burrows, applicant.

Jones: can you explain what kind of zone you are going to deal with loitering?

Burrows: Will have security guard onsite. Premises is located downtown.

Jones: One of the objections is from SE Regional Resource Center, which provides GED and provides health curriculum. Burrows has not filed for a conditional use permit.

Weltzin: I was told they do not do any tutoring onsite. I think the proper body to make that decision is the Juneau planning commission. There are bars nearby, which are not subject to the same restriction.

McConnell: SERRC identifies themselves not as a school but as a training center. We looked at their website, which indicated they provide training for people both over and under 21. I hope the Juneau Planning Commission will examine this issue.

Motion carries 4-1. Mlynarik votes no.

- | | | |
|---------------------------|----------------------------|----------------------|
| D. License #12866: | Uncle Herb's | <u>TAB 48</u> |
| Licensee: | Eden Management Group, LLC | |
| Premises Address: | 1213 Ocean Drive, Unit 2 | |

Local Government: Homer, AK 99603
City of Homer
*Springer moves to approve.
Emmett seconds.*

*Jana Weltzin, counsel and Lloyd Stiasny, applicant
Springer: Recommended condition from the city of Homer on lighting and signage. As part of delegation make sure those conditions are met.
Stiasny: have another retail license in Anchorage. The facility is located near the yard where the school buses are maintained and stored.
Jones: Suite 1 not part of operation. Suite 2 is. But 5, 6 and 7 appear not to be a part. What happened to 3&4.
Stiasny: it is a consolidation. Land partner owns the building.
Weltzin: Dotted line is licensed premises area. Light tan color is retail. Blue is restricted access.
Stiasny: Suite 2 will be the licensed premises. Other spaces are distinctly separate. In the back (suite 5&6) is a secretarial service. In the front of the building, it is used by state of Alaska DOT. It is a multi-use.*

Motion carries 5-0.

E. License #13119:	Rebel Roots LLC	<u>TAB 49</u>
Licensee:	Rebel Roots, LLC	
Premises Address:	2575 Goldstream Road Fairbanks, AK 99709	
Local Government:	Fairbanks North Star Borough	

*Springer moves to approve with delegation.
Emmett seconds.*

*Grant Anderson, applicant. Jason Brandeis, counsel.
Anderson: I am the sole owner of Black Rapids. Miguel only has a partnership in retail. The two are in separate locations. Do not anticipate visitors beyond security system vendors. Building does not yet exist. Ivory Jack's is not part of establishment. Minimum of two employees. Ideally 3.*

Motion carries 5-0.

● **NEW MARIJUANA PRODUCT MANUFACTURING FACILITY APPLICATIONS**

A. License #12315:	Evergreen Extracts	<u>TAB 50</u>
Licensee:	ISG, Inc.	
Premises Address:	5011 Short Street, Suite 2 Juneau, AK 99801	
Local Government:	City and Borough of Juneau	

*Springer moves to approve with delegation.
Emmett seconds.*

Jana Weltzin, counsel, Paul Burrows, applicant.

Jones: The narrative is almost identical as a previous application. It should be more specific to the operation. I ask that these come a little more specific to the operation and what they're doing.

Springer moves to approve "perseverance pops" product, one per package.

Emmett seconds.

Mlynarik: This looks like something for a kid. I can't support this.

Springer: It could be expected a consumer would consume a pop in one sitting. Each one has 5 mg. I would encourage a smaller packaging.

Weltzin: Describes these in packages of 10 lollipops. Springer recommends smaller. Mylar bags, once open, are not child resistant. They would have to go into exit packaging.

Jones: A Mylar bag would have all ingredients, but if you laid them out on a table, you wouldn't know what they are.

McConnell: There is no regulation that says each product must be individually wrapped.

Weltzin: This would be the first lollipop you are considering. Maybe start conservative.

Mlynarik: My concern is we are relying entirely on packaging. This is going to look like something a kid would eat. There are other ways to do edibles that aren't attractive to kids.

Springer: We do have to provide some entrepreneurial leeway. If the packaging has enough room for two, that's not unreasonable. Someone might want to buy a couple of these to have with someone. I don't know what the price point is, maybe putting two in a package instead of one, that might not be objectionable. The color? It isn't an attractive color.

Emmett: At some point, responsibility has to fall on the parent.

Weltzin: Can you give guidance on packaging.

Springer: one.

Motion carries 4-1. Mlynarik votes no.

Springer moves to approve Ganja Gummies.

Emmett seconds.

Weltzin: This is the bases color. How much does that change when you add the flavor.

Burrows: I'm trying not to make it bright and attractive.

Springer motions to table consideration of Ganja Gummies and Ganja Chewies, awaiting photographs of colored product. Emmett second.

Motion carries 5-0.

Springer moves to approve bubble hash.

Emmett seconds.

Springer: This is just ice water extraction?

Motion carries 5-0.

Springer moves to approve Evergreen Extract's rosin hash oil.

Emmett seconds.

Springer: Non-solvent process? What is a glass wax container?

Weltzin: it is like lab glass.

Motion carries 5-0.

Springer motions table Dew Drop flavors to November, pending color photographs.

Emmett seconds.

Motion carries 5-0.

Springer moves to approve cannabis caramels.

Emmett seconds.

Springer: This looks like a box candy, which on mothers day kids like to eat. I'm not concerned though.

Jones: I think we have approved other products that look like this.

Weltzin: Frozen Budz uses Mylar bags. I would say that wouldn't be consistent with what is out on the market.

Springer: It would be helpful to have a spreadsheet of approved products with packaging and details. It has been a couple of months since we did products.

McConnell: We will put that together.

Emmett: Enforcement had asked recently for a picture of everyone's products. That request is not consistent with the regulation. If we are going to require a picture of all products, that should be consistent with regulation.

McConnell: People submit photos of what they intend to make, but it can look different from what it ends up looking like. That's an issue. We also had a situation where someone showed a photo to the board, which was approved, but then the packaging was described but never shown. I would ask the board to put thought into how to manage these products. We want the public to be aware of what's been approved.

Springer moves to table to give applicant some time to review packaging and regulatory requirements.

Emmett seconds.

Springer: Not a regulatory issue. We just want to give the licensee a chance to explore other packaging options.

Emmett: Is this going to adversely affect the business if we table?

Burrows: I would be happy to table until November.

Motion to table carries 5-0.

Motion on the license carries 5-0.

Lunch Break

B. License #12769:	Secret Garden Cannabis	<u>TAB 51</u>
Licensee:	Axion Enterprises, LLC	
Premises Address:	726 E 15 th Avenue, Suite 2 Anchorage, AK 99501	
Local Government:	Municipality of Anchorage	

Springer moves to approve with delegation.

Emmett seconds.

James Martin, licensee, Jana Weltzin counsel.

Weltzin: Additional offsite storage, like the Cloud would be off-site. You can access it somewhere.

Emmett moves to approve crumble, hatter, wax, rosin, kief and bubble hash products.

Springer seconds.

Emmett: smokable products are standard.

Motion carries 5-0.

Emmett moves to approve green acres vape pen.

Springer seconds.

Mlynarik: People should know what the percentage is on the pen.

Motion carries 5-0.

Jones moves to approve Green Acres oil, which is an ingredient in other products.

Emmett seconds.

Weltzin: Product is not something that would be sold directly to consumers.

Motion carries 5-0.

Jones moves to approve greenhouse special.

Emmett seconds.

Jones: Question on the packaging, a clear food grade container. While yes, it may be in a childproof Mylar bag. But when it gets home, it'll look like the cookies from Costco. This applies to the other edible products. I'm also concerned about the photographs.

Weltzin: We would like to propose approval of the products then let us come back with different packaging. We're going to re-think the clamshell concept.

McConnell: We wouldn't issue a license without the packaging being approved by the board.

Jones moves to table snickerdoodle, pot brownie, THC truffles, greenhouse special, and super baked Alaska products are tabled due to packaging.

Weltzin: Other products have been approved with cellophane packaging. My client is fine, but we're trying to do the right thing. We're asking for consistency. I don't want my client's packaging to be more expensive than others. It is inconsistent, and it is hard for me to deal with clients. I have to explain to clients that the regulations haven't changed but feelings and intent. It makes it challenging for enforcement too.

McConnell: I feel like the board has learned a lot and improved. Having this spreadsheet of products and packaging will be helpful. If you should identify anything you wouldn't necessarily approve today, there is an opportunity to review that decision. You don't have to make the same mistake twice.

Motion to table approved 5-0.

Springer moves to approve garden gummies.

Emmett seconds.

Martin says would package 10 to a bag.

Springer: What percentage of product cost to you intend for packaging?

Emmett: My company's packaging is 7.8125 percent of retail cost.

Mlynarik: My concern is that any coloring might be attractive for kids.

Springer: Cost of doing business is a component of success. I would encourage you and anyone else with candy products to look at something more innovative than a sealed Mylar bag with a Ziploc on the top. We keep saying kids. Not every customer in a retail establishment is going to have kids. But we do want to have protective factors in place.

Springer moves to table product.

Emmett seconds.

Motion carries 5-0.

Jones moves to approve secret honey sticks.

Emmett seconds.

Jones: We're not approving infused honey.

Springer: You need to get infused honey approved as a product, then the honey sticks.

Jones: My motion is to approve the honey sticks, not the wholesale honey. I don't want the indication that approval of sticks as allowing the wholesale of infused honey.

Springer: You are almost using this as a condiment?

Motion carries 5-0.

Springer moves to approve cottonmouth candy.

Emmett seconds.

Springer moves to table candies until November.

Emmett seconds.

Motion to table carries 5-0.

Springer moves to table comfort caramels, and ganja bars and green beans for packaging review.

Emmett seconds.

Motion carries 5-0.

Emmett moves to approve tincture product.

Jones seconds.

Jones: On the photograph, there are markings for servings. Sample label, unlike bars and beans, there are no entries into serving size. The label has to say what the serving size is. If the syringe is graded that way, you need to make sure the sample label has all the serving markings.

Motion carries 5-0.

Motion to approve the license with delegation carries 5-0.

Tabled application reconsidered.

License #12398:

Licensee:

License Type:

Premises Address:

Local Government:

For Consideration:

High Tide Distributors

Dennis R Humphrey

Limited Marijuana Cultivation Facility

49172 Heights Lane

Nikiski, AK 99635-8295

Kenai Peninsula Borough

Conditions pursuant to 3 AAC 306.060(b)

PFD Residency Ruling Appeal

TAB 20

Springer moves to approve.

Emmett seconds.

Humphrey is online.

Humphrey: I work rotational work in North Dakota. I made a mistake on my application. I was able to get it rectified.

Jones: Application makes reference to wife. She is not listed as an owner. If you are out working in another state, how does that work.

Humphrey: On the business license itself, I recognized she was not listed as an owner. I intend to list her as an owner. Right now she is just listed as an employee. She has her marijuana handler card.

Springer: Just because her name doesn't appear on business license, does that mean she can't be listed on the license.

McConnell: I will have to check on that.

Emmett: Concerned with having the owner away for much of the year, and having a non-owner there tending to the business. Can you dedicate enough time and attention to this business to make sure it complies with regulations?

Humphrey: She will have access to me by phone 24 hours a day. If we can go full time standard cultivation, I intend to retire.

Springer: have you considered an LLC between you and your wife. It could be a tax advantage. If you have legal counsel available, you may consider creating an additional entity. You can always just get a new business license.

McConnell: The owner of the license has to match a CPBL listing.

Mlynarik: How are you going to be transporting?

Springer: You describe your wife as an affiliate.

Humphrey: No one under 21 in the home.

Motion carries 5-0.

● REGULATIONS

A. Proposed Regulations Projects

B. Local Government Jurisdiction; Timing of Public Objections

TAB 73

Status: Comment period closed September 5, 2017

Potential Board Actions: Vote to adopt; OR
Substantially amend and put out for public comment

Emmett moves to adopt regulation.

Miller seconds.

Jones: After discussion on protest and timing, how would someone know when that date starts?

McConnell: We'll have to develop a way to notify the public when an application is complete. We'll have to post it on our website.

Motion carries 5-0.

C. Separation Distance

TAB 74

Status: One proposal for initial board consideration

Potential Board Actions: Amend and/or put out for public comment

Springer moves to put separation distance regulation out for public comment.

Emmett seconds.

Springer: "Unless a local government has adopted a shorter distance by ordinance." This would require it to go through the ordinance process, giving the public ample opportunity to weigh in.

Mlynarik: I don't think it is legal to lower the distance for schools. Maybe churches. I don't think we can do this by statute. There are other state statutes that trump that.

Springer: The biggest concern is the closeness to churches. I don't have any problem with having to stay 500 feet from a school. Because it is an ordinance, I guarantee you the public will be here. I don't have a problem amending this to exclude the school.

Milks: If it is the drafters intention, the placement of the phrase needs to be specified. It is this board's job to keep marijuana away from children, not local government's job. It is everyone's job. My message here is I'm not particularly hopeful this will pass legal muster.

Jones: The way this is written, Anchorage could do this. How can we write this so it applies to smaller communities, but maybe not to Anchorage, Wasilla, Palmer. That might overly complicate this.

Emmett: I would support this motion so far as it applies to churches. This is a debate I've heard is about the concentration of marijuana businesses in certain areas because they are not able to locate. I would support an amendment to disinclude school grounds. Buildings in which religious services are regularly conducted.

Mlynarik: When you exclude churches, you are saying they are no longer important. If we say it is okay to keep the buffer between schools and youth centers, but not churches, that's not a good method of protecting youth. I think it does a disservice to the community.

Springer: I will recognize this issue was raised with the board by a rural legislator. I appreciate his interest in coming to us. I would have to say it wouldn't look well on the industry if we were to start a regulation that was discriminatory in nature. I'm kind of inclined to let this one die. It would be helpful if we heard from additional legislators or communities. I kind of think if they did in Juneau, they would suddenly come to the realization I've come to. I'll be voting against it. I'm afraid of the slippery slope. I was out berry picking on the tundra with my wife and began to slip the other day because it was getting soft. We don't want to melt the permafrost with our regulations.

Motion fails 2-3. Springer, Jones, and Mlynarik vote no.

D. Trade Shows

TAB 75

Status: One proposal for initial board consideration

Potential Board Actions: Amend and/or put out for public comment

Emmett moves to approve trade show regulation.

Springer seconds.

Springer: How do we facilitate initiatives for home growers? Is there an opportunity for individuals to display their work in a trade show environment.

Emmett: I believe in statute nothing is illegal about displaying.

McConnell: We're not trying to regulate trade shows. We're trying to make it legal for licensees to display at trade shows.

Mlynarik: It might promote black market activity.

Emmett: There was a difficulty getting commercial marijuana into trade shows because of the METRC. Businesses were using personal product, but that might not be an accurate portrayal. The idea is to have marijuana be trackable from the licensed premises to the trade show and back to the licensed premises legally.

Emmett: I wouldn't be opposed to language that makes this more robust, as long as it isn't overly restrictive.

Jones: It seems a grower would not want to take a plant from their controlled environment

Springer: It will be interesting to hear how they do it on the outside.

McConnell: Whether a cultivator wants to take a plant to a trade show is a business decision. Testing facilities are permitted to test private marijuana. Should they decide to take equipment to a trade show, they could test private marijuana. They would not be able to test licensed marijuana off their licensed premises.

Motion carries 5-0.

McConnell: The staff was under the impression the ABC Board made a determination there shouldn't be marijuana on a licensed alcohol premises. When the issue of a trade show, I didn't want the licensed alcohol premises to get into trouble with the ABC board. We used the rare instrument of a de-designation permit. We brought this back to the ABC board. They clarified their message was intended to

prevent consumption of marijuana in a licensed marijuana establishment. We want to clarify there won't be an issue in the future.

McConnell: On definition of a resident, in the director's report, there was a fix in the calendar year, would you like to consider that? It will be the most current information we can get. Makes changes to 3 AAC 306.015(b) and .015(2)

*Jones moves to open a residency project as recommended by staff.
Springer seconds.
Motion carries 5-0.*

● MARIJUANA MAILBOX

- A. All correspondence received in the marijuana@alaska.gov inbox from June 24 – August 25, 2017.

TAB 76

Emmett remarks on some of the marijuana mailbox messages.

● BOARD COMMENTS

Jones: Hopefully we have a manageable amount of work at the November meeting. I still don't know how to deal with the questions .

Emmett: Thanks hard working staff. Commends fellow board members. We're hitting a stride acting as a body. Thanks the people of Nome. Kudos to industry for not trolling the phones.

Miller: Enjoyable meeting. I am concerned about the November meeting. We're going to have tons of regulations to review.

Springer: Thanks the staff. It will be interesting to see in a year or two how things shake out economically.

Mlynarik: Shout out to the staff. There are a lot of regulations and projects, some seem burdensome. But some will actually be a help to the industry.

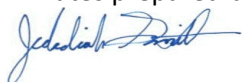
McConnell: It has been a stressful summer for our staff. I want to add my thanks to your thanks to the incredible people of AMCO.

● NEXT MARIJUANA CONTROL BOARD MEETING

Agenda deadline for November 14-15 meeting: October 27, 2017

● ADJOURN

Minutes prepared by:



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