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11 Control*

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County of Fresno
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12 SUPERIOR COURT OF THE STATE OF CALIFORNIA
13 COUNTY OF FRESNO
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17 **COUNTY OF SANTA CRUZ, ET AL.,**
18 Plaintiffs,
19 **v.**
20 **BUREAU OF CANNABIS CONTROL;**
21 **LORI AJAX, in her official capacity as**
22 **Chief of the Bureau of Cannabis Control;**
23 **and DOES 1 through 10, inclusive,**
24 Defendants.
25
26
27
28

Case No. 19CECG01224

**REQUEST FOR JUDICIAL NOTICE,
EXHIBITS VOLUME 1 OF 2 (EXHIBITS
A-E)**

Dept: 403
Judge: Honorable Rosemary T. McGuire
Trial Date: July 16, 2020
Action Filed: April 4, 2019

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2 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
3 **COUNTY OF FRESNO**
4

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6 **COUNTY OF SANTA CRUZ, ET AL.,**
7

8 **Plaintiffs,**

9 **v.**

10 **BUREAU OF CANNABIS CONTROL;**
11 **LORI AJAX, in her official capacity as**
12 **Chief of the Bureau of Cannabis Control;**
13 **and DOES 1 through 10, inclusive,**

14 **Defendants.**

Case No. 19CECG01224

**DECLARATION OF CUSTODIAN OF
RECORDS**

15 I, the undersigned, being the duly authorized custodian of records or other qualified witness in the
16 employ of the Bureau of Cannabis Control declare as follows:

- 17 1. I am over the age of 18 years. My business address is 2920 Kilgore Road, Rancho Cordova,
18 California, 95670.
- 19 2. The Bureau of Cannabis Control is the state licensing entity responsible for regulating the
20 following commercial cannabis activities: retail, distribution, microbusiness, testing laboratory,
21 and cannabis events.
- 22 3. The Bureau of Cannabis Control also possesses records relating to the Cannabis Advisory
23 Committee including, but not limited to, records of meeting minutes, meeting transcripts, public
24 comments, and meeting presentations.
- 25 4. I am a duly qualified witness, authorized to certify the following Cannabis Advisory Committee
26 records which are attached:
- 27 a. November 16, 2017 Cannabis Advisory Committee Meeting Minutes
- 28 b. March 15, 2018 Cannabis Advisory Committee Meeting Minutes
- c. July 19, 2018 Cannabis Advisory Committee Meeting Minutes
- d. August 20, 2018 Cannabis Advisory Committee Meeting Minutes

1 e. June 28, 2019 Cannabis Advisory Committee Meeting Minutes

2 5. If I were called as a witness in this matter, I could and would competently testify to the foregoing
3 facts.

4 I declare under penalty of perjury under the laws of the State of California that the foregoing is true
5 and correct to the best of my knowledge and belief.

6
7 Dated: June 04, 2020

By: 

KAILA FAYNE

EXHIBIT A



**BUREAU OF
CANNABIS
CONTROL**
CALIFORNIA

Cannabis Advisory Committee
Meeting Minutes – November 16, 2017
Sacramento Masonic Temple
1123 J Street, Sacramento 95814

Members Present (22):

Avis Bulbulyan
Timmen Cermak
Matt Clifford
Bill Dombrowski
Jeff Ferro
Kristin Heidelberg-Teramoto
Eric Hirata
Alice Huffman
Catherine Jacobson
Arnold Leff
Kristin Lynch
Kristin Nevedal
Joe Nicchitta
LaVonne Peck
Matt Rahn
Keith Stephenson
James Sweeney
Tamar Todd
Helena Williams
David Woolsey
Ben Wu
Beverly Yu

Members Absent (0)

Business, Consumer Services and Housing Agency / Department of Consumer Affairs

Alexis Podesta – Secretary, Business, Consumer Services and Housing
Agency
Dean R. Grafilo – Director, Department of Consumer Affairs

Bureau of Cannabis Control Executive Staff Present

Lori Ajax – Bureau Chief

Melanie V. Ramil – Deputy Bureau Chief

Connie Bouvia – Assistant Chief of Licensing

Tamara Colson – Assistant Chief Counsel

Ricardo V. DeLaCruz – Assistant Chief of Administration

Andre Jones – Assistant Chief of External and Intergovernmental Affairs

Alex Traverso — Assistant Chief of Communications

Paul Tupy – Assistant Chief of Enforcement

Minutes Taken By

Ashlynn Blackshire, Legal Secretary, Bureau of Cannabis Control

1. Oath of Office, Call to Order, and Establishment of a Quorum (Dean R. Grafilo, Director, Department of Consumer Affairs)

Director Grafilo administered the oath of office to the 22 appointed members of the Cannabis Advisory Committee.

Deputy Chief Ramil, as acting meeting chair, called the meeting to order. Meeting official start time noted at 10:28 AM.

Roll was taken and all 22 committee members were present. Quorum was established.

Committee Comment: 0 Comments

Public Comment: 0 Comments

2. Welcome (Alexis Podesta, Secretary, Business, Consumer Services and Housing Agency)

Director Grafilo introduced Secretary Podesta. Secretary Podesta provided welcome remarks. In her Welcome, Secretary Podesta thanked the Bureau for their work and shared that the Committee will play an important role in working to create permanent regulations.

Committee Comment: 0 Comments

Public Comment: 0 Comments

3. Overview of the Department of Consumer Affairs (Director Grafilo)

Director Grafilo provided an overview of DCA, and shared that the Department has established the Office of Student Assistance and implemented a new training and mentoring program called “The Future Leadership Development Initiative.” Director Grafilo also stated that the committee members represent various stakeholder communities, diverse voices, and perspectives within

California and the cannabis industry, and that the committee has the necessary skills to be successful.

Committee Comment: 0 Comments

Public Comment: 0 Comments

4. Overview of the Bureau of Cannabis Control and Staff Introductions (Lori Ajax, Chief, Bureau of Cannabis Control)

Director Grafilo introduced Chief Ajax. Chief Ajax provided welcome remarks and then introduced the Bureau's Executive Team.

Committee Comment: 0 Comments

Public Comment: 2 Comments

George Bianchini: Referenced Prop 64 funds not being appropriated to industrial hemp farmers.

Susan Tibben: Voiced concern for the small farmer and the high fees they will face.

5. Cannabis Advisory Committee Members Introductions

Committee members introduced themselves, including their professional occupation.

Committee Comment: 0 Comments

Public Comment: 2 Comments

George Bianchini: The board has a lot of union members and the committee should be protecting the industry from unions rather than putting so many on the committee.

Ray Perez: There needs to be representation from the community in Sacramento and people who were affected by the war on drugs not just stakeholders in the industry.

6. Presentation of Bagley-Keene Open Meeting Act Guidelines (Tamara Colson, Assistant Chief Counsel, Bureau of Cannabis Control)

Assistant Chief Counsel Colson provided an overview and training of the Bagley-Keene Open Meeting Act.

Background Document Available on BCC Website: [“A Guide to the Bagley-Keene Open Meeting Act”](#)

Committee Comment: 0 Comments

Public Comment: 0 Comments

7. Discussion and Possible Action to Approve, Modify, or Reject Cannabis Advisory Committee 2018 Meeting Schedule and Location Recommendations

Deputy Chief Ramil reviewed the 2018 Meeting Schedule and Location Recommendations, stating the committee would meet bi-monthly next year for a total of 6 meetings. Meetings will be held on the 3rd Thursday of the month with meetings throughout California.

Background Document Available on BCC Website: [“2018 Meeting Recommendations”](#)

Committee Comment: 4 Comments (leading to motion and vote)

Committee Member Huffman asked about attendance requirements.

Committee Member Wu commented that the November 2018 recommended date would conflict with an annual industry show in Las Vegas, NV.

Committee Member Ferro made a motion to move the recommended November 15, 2018 Committee Meeting to November 8, 2018 to allow members’ participation in the annual industry show. The motion was seconded by Committee Member Ben Wu.

Committee Member Jacobson asked how to establish quorum.

Committee Member Ferro re-motoned the committee to move the recommended November 15, 2018 Committee Meeting to November 8, 2018. The motion was co-seconded by Committee Members Wu and Sweeney. Roll call vote was taken, the motion to modify the recommendation with the November 8, 2018 passed on a 22-0 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak	✓				
Matt Clifford	✓				
Bill Dombrowski	✓				
Jeff Ferro	✓				
Kristin Heidelberg-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman	✓				
Catherine Jacobson	✓				
Arnold Leff	✓				
Kristin Lynch	✓				
Kristin Nevedal	✓				

Joe Nicchitta	✓
LaVonne Peck	✓
Matt Rahn	✓
Keith Stephenson	✓
James Sweeney	✓
Tamar Todd	✓
Helena Williams	✓
David Woolsey	✓
Ben Wu	✓
Beverly Yu	✓

Public Comment: 1 Comment

George Bianchini: The Las Vegas industry event will not start until November 16 next year.

8. Overview of the Cannabis Portal – Online Resource (Alex Traverso, Assistant Chief of Communications, Bureau of Cannabis Control)

Assistant Chief of Communications Traverso provided an overview of the California Cannabis Portal, including what users can find on the website. Traverso also mentioned that the 3 licensing entities' social media links have been included and that the Portal now has an events calendar to help track the events of all 3 licensing entities.

Committee Comment: 2 Comments

Committee Member Huffman wanted to let public commenter Ray Perez know she has in fact been affected by the war on drugs, and she is open to input from the public.

Committee Member Stephenson shared that he is aware of the war on drugs and his opportunity to serve on the committee will be with the greatest due diligence to move the industry forward for all.

Public Comment: 2 Comments

George Bianchini: Would like more substantial information on the portal related to the how licensees will implement the regulations.

Mark Whitlow: Asked if ones needs to check the portal daily if you are on the BCC email list.

Additional Public Comment:

No name given: Public heath comment on labeling.

Erica Miller: Question regarding licensing process, expedited process for certain types of companies.

Susan Tibben: There is a lack of committee members who actually grow cannabis.

Jeff Jeron: Addressed compliance issues with packaging, child resistance packaging, opaque packaging and the verbiage that needs to be on the label etc.

9. Overview of the Regulatory Process (Tamara Colson, Assistant Chief Counsel, Bureau of Cannabis Control)

Assistant Chief Counsel Colson provided an overview of the regulatory process, including the definition of regulations and how regulations are adopted in the State of California. Colson provided information on the difference between emergency rulemaking and regular rulemaking. Colson also shared information on the process as it relates to public participation.

Committee Comment: 1 Comment

Committee Member Nicchitta asked about the 5-day comment period within the emergency rulemaking process in the event there are holidays. Assistant Chief Counsel Colson stated that the 5 working days prior to the public comment period starts today, the days of the holiday would apply to that 5 working day period. The 5 calendar days start when the regulations are submitted to the Office of Administrative Law.

Public Comment: 3 Comments

Mark Whitlow: When is the comment period, from what day to what day? What should we monitor in order to find out when the regulations have been submitted and the comment period is open?

Ray Perez: Will the public comments be published?

No name given: Question regarding canopy.

10. A) California Environmental Quality Act Process Overview (Michael Stevenson, Horizon Water and Environment, LLC)

Mr. Stevenson provided an overview of the CEQA process, including the purpose of the study and the outcome of the Bureau's analysis. He shared that the Bureau's analysis concluded that its proposed program would have no or less-than-significant impact on the event, resulting in the Bureau's adoption of a Negative Declaration. He concluded his report by sharing that the Bureau has filed a Notice of Determination with the Office of Planning and Research.

Background Document Available on BCC Website: [“CEQA Overview PowerPoint Presentation”](#)

Committee Comment: 1 Comment

Committee Member Cermak asked if there were separate CEQA reports for CDPH and CDFA? Bureau staff responded – Yes, as separate lead agencies they are responsible for their own CEQA compliance.

Public Comment: 2 Comments

George Bianchini: CEQA did not account for the indoor grows.

No name given: How individual growers and microbusinesses will be affected by CEQA? Are they individually responsible for those documents?

10. B) Emergency Rulemaking Updates (Lori Ajax, Chief, Bureau of Cannabis Control; Richard Parrott, Director, CalCannabis Cultivation Licensing Division; CDFA Miren Klein, Assistant Deputy Director, Center for Environmental Health, CDPH)

All three licensing entities gave PowerPoint presentations to update committee members and the public on the emergency regulations.

Background Documents Available on BCC Website:

[BCC Emergency Regulation PowerPoint](#)

[CDFA Emergency Regulations Update PowerPoint](#)

[CDPH Emergency Regulations PowerPoint](#)

Following the presentations, Committee Members asked the three licensing bureaus questions a myriad of questions, focused on the following:

Committee Member Ferro: Asked questions about the 600-foot radius, deliver limits, and the possibility of a “co-op” license.

Committee Member Jacobson: Asked questions about the microbusiness license, standardized testing between labs, lab guidelines and processes, how responsibilities and costs are handled between licensees, how the trace and trace system will be enforced, facility inspections, and the expiration dates of manufactured goods.

Committee Member Huffman: Asked questions about the affordability of products and the impact of that on the illicit market, regulations that help ensure that communities impacted by the war on drugs can participate in the cannabis industry, opportunities for small businesses, the insurance bond requirement, and hemp farming.

Committee Member Sweeney: Asked about premises sharing and compassionate use licenses, equity piece within the regulations, and the Bureau’s staff and operations.

Committee Member Todd: Asked about the plan for data collection, the temporary license program, causes for denial, barriers to entry and issues of equity, and data collection at the local level.

Committee Member Cermak: Asked about the transition period, specifically about products that may be attractive to children.

Committee Member Woolsey: Asked about in-house testing for enforcement purposes and how sales will be handled between A and M products.

Committee Member Stephenson: Asked about dosage and labeling issues, limits on state licenses, microbusiness activity, and local approval.

Committee Member Wu: Asked about temporary license fees, child resistant packaging and how the term “attractive to children” is defined, temporary cannabis events, cost of testing, online licensing system, tamper evident options, and additional questions regarding packaging.

Committee Member Bulbulyan: Asked about FDA’s CGMP (Current Good Manufacturing Practice) guidelines in relation to licensees, distance requirements, microbusinesses, units per package, how products that fail testing are handled, definition of owner, transport, bookkeeping for businesses with multiple locations, testing batches, and shared space between licensees.

Committee Member Nevedal: Asked about how businesses can operate with both an A and M license, harvest batch sizes, light deprivation techniques for outdoor cultivation, and temporary cannabis event licenses.

Committee Member Rahn: Asked about the process of notification in the event an owner/licensee is convicted.

Committee Member Nichitta: Asked about how the state will be working with local officials, such as agricultural commissioners and local health officers, to do inspections, checks, etc.

Public Comment: 27 Comments

Charles Fraizer, COO Minorities for Medical Marijuana: Data shows for over two decades black and brown residents were arrested and incarcerated for drug offences at disparately high rates while white cannabis cultivators, manufactures, and distributors who were not operating entirely above board either flourished under the changing law designed to accommodate the burgeoning industry. The Oakland City Council first brought the issues to light and has previously explored several alternative legislative proposals in 2016. The newly adopted regulations seek to address the ongoing economic inequality that results in disparity of drug arrests as well as other racial barriers to wealth building and business ownership by bringing innovation in an equity lens to the cannabis industry. The development of more diverse, equitable, and more inclusive legislation at the state level for the medical cannabis industry will have a positive impact on the industry as a whole as business owners consider how to take advantage of the new adult recreational use laws in California. Appropriations of Funds for AB 1135 to ensure diverse groups and organizations are able to compete in the cannabis market. Standalone Legislation to bring Pop 209 into cannabis retail space. Encourage outside consultation regarding equity, diversity, and decriminalization.

Ray: Can cannabis clubs employ temp workers? Can distributors contract out following all the requirements? Can cultivators contract out farming services? Bureau should look at creating something like an SBA Loan Program? Insurance coverage could be like for earthquakes in such that state insurance issues policies for the cannabis industry. Will state recognize cities like Oakland that permit individuals with prior cannabis related offenses? Delivery only is that only for medical? Can we capture data to see how each business hires minority, women, businessperson, etc?

David Edgeton, CW Analytical, Cannabis Testing Lab in Oakland, CA: ISO 17025 is not written specifically for cannabis labs but tests the competence of any testing environment. General but it works well. There are no standard methods for cannabis so each lab then creates their own internal protocols which will create extreme variance between labs. What are the implications if one lab would say pass and another fail for the same product?

Paul Hansburry, Cannabis Farmer, Mendocino County: I do a microbusiness out of my home, the regulations seem to be geared toward large industries, major industrial manufacturers. The security requirements for manufacturers, I'd have to wear a laminated badge with my photograph on it to walk around my house, then sign in and sign out as I went from one room to another, to comply with security. Why is ethanol banned? Ethanol has been used for centuries, for making tinctures, the small farmers in an effort to carve out a niche to do what they have been doing for generations has to start producing some sort of value added product in order to survive, keep food on the table and pay the bills. Ethanol has been used for making tinctures, all you're doing it soaking the cannabis in the alcohol it's as safe as keeping a bottle of vodka in your liquor cabinet. Further, there are UL approved devices, distillers that are certified for home use for using ethanol for making extractions. In Mendocino County, they have language in their ordinance for using volatile solvents in a non-volatile manner.

Justin Pusherrick, Testing Lab Operator: Need more clarity on who is writing testing lab regulations? How much expertise does that person actually have? Why isn't there a scientist on the committee that can be advising us on this kind of stuff? Lawyers shouldn't have such technical expertise on some chemistry aspects.

Susan Tibben, Liaison between Mendocino and Sacramento County and retired faculty for the CA Academy of Sciences: Small farmers are implementing best practices, they are using integrated best management, we are stewards of the land, we have companion plants, that means the emergency regulations are asking us to look at our whole garden and charging instead of the 2,500-sq. ft. of canopy, which is the dripline of the plant, they are charging us for over 20,000-sq. ft. because they are including all of our best practices. Please don't penalize small farmers. In addition, the regulations talk about not cutting people out about promoting the black market, right now in our northern counties we've got stickers all over the place talking about the black market so please include us. We have members in California Growers Association, we are founding members of Black Farmers Association, old people who've been up there for generations, young people, 3rd and 4th generations who are stewards of the land.

George Bianchini: Hemp org needs funds after Prop 64 split funds, causing members to use their own funds. I offered them a loan but they said it wasn't legal. Testing requirements, at least

in the City of Berkeley, outlaw methods used by organic farmers. APC count would suffice. Is it possible the 120-day extension be 119 days to end not on Aprils Fool Day?

John Webb, Cultivator, Trinity County: There was nothing discussed on banking, or how money is going to be transferred seeing as banks are FDI insured, if they know you are in the industry they will freeze your accounts so from a distributor picking up 100 lbs. at \$1,000 lbs. that's \$100,000 in cash? How do we pay taxes to Board of Equalization given we are not allowed bank accounts? Would also like to look at reducing the licensing fees.

Mark Whitlow, Marine Analytics: Stability testing, at least for medical products, should be instituted and mandatory. Edibles do expire overtime, THC products especially. How do microbusinesses go about testing? If they have a distributor's license can they bring it back to business?

Doug Scott, American Biotech Testing, Salinas, CA: People will be thanking you in the years to come.

Terrance Thomas, Armortech Security and Investigations: Security only concerns itself with safety aspects of regulations, including getting tax dollars from businesses to the state. Will there be an overall security addendum for specific security aspects of the industry? Being an all cash business it's a large security risk and safety is most important

Jen Price, Pacific Expeditors Consulting Services, Santa Rosa: Environmental Impact Report—CDFA puts one acre cap on growing, yet new regulations released today never mention anything about a one acre cap. For multiple licensees on the same premise, are they required to have a distributor/transporter to bring it from one person to another within the property because it is going from one licensee to another? Unclear. It's unclear on requirements for additives—caffeine.

John Webb, Cultivator, Trinity County: The cost of testing: 5% of 1 pound, charged \$50. 5% of 50 pounds, charged \$50. I would like to get clarification on how the testing works. Suggestion, instead of allowing the distributor to do the testing to allow the cultivator to do the testing. Cultivators who price their products by THC content as well as the look and the flavor and quality should be responsible for testing in order to be able to make a better suggestion to the distributor on what the price should be. Also the distributor having already paid for the product, if it's taken to the lab for testing and it doesn't pass testing and has to be destroyed it's the distributor who takes the loss since its already paid for.

Matthew Chapin, Chapin Law: Foresees a lot of compliance issues in the first 12 months, would suggest all 3 entities have an increased degree of leniency within this time period at least for first time offenders. Temporary only rules will prevent early licenses engagement. Early on, businesses will be willing or unable to participate on par with illicit market. Can there be a path to licensure?

Katy Maple, Law Firm: The fact that licensees can only do business with other licensees is going to be a very limiting factor for getting business into the regulated market. If you already

have a supply chain and everyone in your supply chain isn't licensed then you cannot do business with them. How do compete against the illicit market if none of the people you work with are licensed and you can't do business with them? I would suggest a transition period.

Marko Tran, DB Labs: The inflation of THC values are noticeable in cannabis permissive states. Labs are pressured to find higher THC values. Could lead to trouble. I recommend a system where if a certified lab gives a client the THC results on the label they have to use those results to avoid the mark up.

Jack: Concentrate limits for transporters is reasonable, but for top grade flower, one pound of flower can cost over \$8k, making them take more than three trips for one pound.

Shawn Aguilar, Real Estate Private Banker, Fairfax, CA: Standardization of landlord permission. Work with the Bureau of Real Estate to create a form, simplify and standardize the process. Bureau needs to be more specific on how to provide title and or grant deed.

No name given for the following comments:

- 1) Are testing labs required to test for FDA requirements for content of alcohol, or shape and appearance of the packaged items so that they do not attract children?
- 2) Regulations do not have a provision or contingency when testing labs report results that do not meet the specifications.
- 3) Can ancillary businesses, such as bottling, have better clarification so they can properly apply for the correct license?
- 4) Could the CEQA report pertaining specifically to microbusinesses be published on the BCC Website, if it is available I'd like to be directed to where I can find it? Clarity on record keeping for microbusiness, I assume microbusiness won't be using the track and trace system, so what records would we be required to keep and for how long?
- 5) Cash flow fees could be extra monies possibly going to the state go to an equity grant? Could the board fund equity programs, where you can mentor and teach people the industry? From investors view, shared space is giving away half of the company.
- 6) There is a problem with testing.
- 7) 3rd party packaging company, would like to see more clarification on business that run vertical to the industry, we don't handle, grow, or sale it but if a distributor would like to drop off product for co-packaging, I'd like to see more clarification if I'd be considered a microbusiness or a processor.

11. Public Comment on Items Not on the Agenda

Public Comment: 5 Comments

Charles Fraizer: Spoke to Assembly Bill 1135 and the monies appropriated to programs and communities in diverse areas, but the monies are not defined in the bill and that needs to be changed and put in writing where those funds are going.

Ryan Reeves: Type 7 Level 2 manufacturing, extractors are producing are amazing things but many cities and counties are not regulating Type 7 Level 2 manufacturing. Also requested expansion on the language for nonprofits.

George Bianchini: Law enforcement in San Joaquin destroyed a hemp grow because the sheriff said Prop 64 doesn't belong in his county.

Mark Whitlow: Some of the money from cannabis should be spent on doing research on the toxicology of the cannabinoids and the pesticides associated with them. Also, would like this body to set pesticide use for cannabis in California.

Charles Fraizer: Prop 209 created challenges when trying to create language for diversity so standalone legislation would help alleviate those challenges.

12. Future Agenda Items

Committee Members' recommended the following items to possibly be discussed at future committee meeting:

Jacobson: Further discussion on the testing issue, and discussion on the banking issue.

Woolsey: Requested handouts for all PowerPoints at future meetings.

Nevedal: More discussion around bifurcation issues in relationship to cultivation and how A and M licenses overlay or don't overlay.

Cermak: More discussion on how to adjudicate the question of what is attractive to youth/children.

Leff: Discussion on how to educate the public on the cannabis issue surrounding toxic amounts, prohibiting children and how we are going to market that message to the state. Discussion on Local enforcement and how that is going to be carried out

Todd: Discussion on the issue of equity, barriers to entry, limitations on what data can be collected and what we can do otherwise.

Peck: Discussion on the testing labs and the road blocks we are going to be facing when it's rolled out. Is there going to be enough labs, etc. How are these issues and questions going to be addressed?

Wu: Discussion on the amount of product that can be carried while on delivery (\$3,000) - it's inefficient, can cause back up and create more problems.

Stephenson: Discuss funding to assist parolees.

Huffman: Discussion on the equity framework.

13. **Adjournment:** 4:31 p.m.

EXHIBIT B



**BUREAU OF
CANNABIS
CONTROL**
CALIFORNIA

Cannabis Advisory Committee
Meeting Minutes – March 15, 2018
Millennium Biltmore Hotel, Biltmore Bowl
506 South Grand Avenue, Los Angeles

Members Present (19):

Avis Bulbulyan
Timmen Cermak
Matt Clifford
Bill Dombrowski
Jeff Ferro
Kristin Heidelberg-Teramoto
Eric Hirata
Alice Huffman
Catherine Jacobson
Kristin Nevedal
Joe Nicchitta
LaVonne Peck
Matt Rahn
Keith Stephenson
James Sweeney
Tamar Todd
David Woolsey
Ben Wu
Beverly Yu

Members Absent (3)

Arnold Leff
Kristin Lynch
Helena Williams

Department of Consumer Affairs

Dean R. Grafilo – Director, Department of Consumer Affairs

Bureau of Cannabis Control (Bureau) Executive Staff Present

Lori Ajax – Bureau Chief
Melanie V. Ramil – Deputy Bureau Chief
Tamara Colson – Assistant Chief Counsel
Andre Jones – Assistant Chief of External and Intergovernmental Affairs

Alex Traverso — Assistant Chief of Communications

Minutes Taken By

Ashlynn Blackshire, Legal Secretary, Bureau of Cannabis Control

1. Welcome, Call to Order, and Establishment of a Quorum (Matt Rahn, Chair, Cannabis Advisory Committee)

Matt Rahn, Cannabis Advisory Committee (Committee) Chair, called the meeting to order. Meeting official start time noted as 10:11 AM.

Roll was taken, 19 Committee members were present. Quorum was established.

Committee Comment: 0 Comments

Public Comment: 0 Comments

2. Welcome Remarks (Dean R. Grafilo, Director, Department of Consumer Affairs and Lori Ajax, Chief, Bureau of Cannabis Control)

Director Grafilo thanked the Committee members for their service. Director Grafilo also encouraged Committee members and the public to continue to provide their valuable feedback.

Chief Ajax thanked everyone in attendance for their commitment to the Committee process. Chief Ajax expressed how important it is that the Bureau hear from all stakeholders. Chief Ajax also expressed how appreciative the Bureau is for the time attendees and Committee members have spent telling their stories, what is affecting them, and helping the Bureau and other licensing agencies shape the cannabis regulations.

Committee Comment: 0 Comments

Public Comment: 0 Comments

3. Review and Approval of January 18, 2018 Cannabis Advisory Committee Meeting Minutes

The Committee reviewed the January 18, 2018 draft minutes.

Committee Comment: 1 Comment

Committee Member Huffman motioned to the Committee to approve and adopt the January 18, 2018 draft minutes as presented. **Committee Member Sweeney** seconded the motion. Roll call vote was taken, the motion to approve and adopt the January 18, 2018 minutes passed on a 19-0 vote.

Public Comment: 0 Comments

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak	✓				
Matt Clifford	✓				
Bill Dombrowski	✓				
Jeff Ferro	✓				
Kristin Heidelberg-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman	✓				
Catherine Jacobson	✓				
Arnold Leff				✓	
Kristin Lynch				✓	
Kristin Nevedal	✓				
Joe Nicchitta	✓				
LaVonne Peck	✓				
Matt Rahn	✓				
Keith Stephenson	✓				
James Sweeney	✓				
Tamar Todd	✓				
Helena Williams				✓	
David Woolsey	✓				
Ben Wu	✓				
Beverly Yu	✓				

Note: Agenda items were taken out of order to accommodate presentations from Subcommittee Chairs who had to leave the meeting early.

4. Discussion and Possible Action to Approve, Modify, or Reject the Subcommittee on Testing Laboratories' Recommendations (Catherine Jacobson, Chair, Subcommittee on Testing Laboratories)

Committee Member Jacobson presented the Testing Laboratory Subcommittee's proposed recommendations to the Committee.

Committee Comment: 6 Comments

Chair Rahn suggested that the Committee focus on the regulatory recommendations rather than the statutory recommendations since the Committee has no influence over legislation.

Committee Member Huffman asked whether the recommendations that require statutory changes will be parked, with nothing happening with them.

Chair Rahn stated the statutory changes would be part of the record, but the Committee's focus should be on regulatory changes.

Committee Member Woolsey motioned, that the statutory recommendations that would need to be changed by statute or that address an issue in statute, be tabled to a future meeting.

Committee Member Hirata seconded the motion.

Committee Member Sweeney proposed identifying the "priority statutes," so that at least the Committee would have a laser focus on the parts that are pertinent to the entire body, compassion being one of those things.

Committee Member Woolsey cited 26014 of the Business and Professions Code stating that the Advisory Committee is here to advise the licensing authorities, noting that nothing within it speaks to advising the legislature.

Public Comment: 5 Comments

Lindsey Colmey: Many of the items that are being tabled are about compassionate care. Ms. Colmey stated she is dealing with patients that are in pain that are not able to get their medication because this Bureau has put a stranglehold on donations. Ms. Colmey suggested that those statutory moments are what the Committee is here for, to deal with a crisis of legalization, so Ms. Colmey requested the Committee to think seriously about that.

Susan Tibbon: Ms. Tibbon stated that the State is still just slightly over one percent adoption in relation to projected matrix, both for Mendocino County and the state. And much of what is going to be tabled must be examined more closely because otherwise the black market will be promoted; and the state is fast losing most of its medical cannabis, mirroring Colorado, which has lost 90 percent of it.

Ross Gordon: Mr. Gordon expressed concern about small growers' ability to enter the regulated market. The current situation is a crisis, and Mr. Gordon expressed hope that the Committee take its mandates seriously for that reason. Mr. Gordon asked that anything the Committee decide to table be made clearly available to the public very quickly, and that there be broad public comments solicited on those items. Mr. Gordon expressed that compassion is a great example of something every single Committee discussed. It is clearly a major crisis issue in the system right now, and that is worth having the Committee vote on today.

Ron Edwards: Mr. Edwards expressed that a lot of the items on the agenda, particularly when it comes to nurseries and cultivation, are time sensitive. Mr. Edwards indicated that stakeholders are ready to go into a cultivation issue dealing with the A and the M, and if the Committee puts these off, many stakeholders are now further into the cultivation season. Mr. Edwards indicated that perishable product is at stake, particularly with a nursery. Mr. Edwards suggested that many of the issues are statutory, and the Committee needs to get those issues in front of the legislature so that they can be addressed.

Max Mikalonis: Mr. Mikalonis suggested a substitute motion on this issue, which would be to move and table these items until the next meeting, rather than table them for a future meeting, to ensure that they do get taken up at the Committee meeting in Oakland.

Roll call vote was taken, the motion to table the Subcommittees' proposed statutory recommendations failed on an 8-11 vote. 1 Committee Member abstained.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan		✓			
Timmen Cermak		✓			
Matt Clifford	✓				
Bill Dombrowski	✓				
Jeff Ferro	✓				
Kristin Heidelbach-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman			✓		
Catherine Jacobson		✓			
Arnold Leff				✓	
Kristin Lynch				✓	
Kristin Nevedal		✓			
Joe Nicchitta		✓			
LaVonne Peck		✓			
Matt Rahn	✓				
Keith Stephenson		✓			
James Sweeney		✓			
Tamar Todd		✓			
Helena Williams				✓	
David Woolsey	✓				
Ben Wu	✓				
Beverly Yu		✓			

Additional Committee Comments: 3 Comments

Committee Member Ferro motioned to move all statutory items for consideration to the Oakland meeting. **Committee Member Huffman** seconded the motion.

Vice-Chair Todd suggested a motion: to take the statutory items and move them to the next meeting in Oakland, with a caveat that if a Subcommittee chair thinks there is a statutory item within their Subcommittee that is particularly timely and should be heard today, the Committee allow the room to raise that specific statutory item.

Committee Member Ferro accepted **Committee Member Todd's** amendment to his motion. **Committee Member Jacobson** seconded the amended motion.

Additional Public Comment: 4 Comments

Paul Hansberry: Mr. Hansberry suggested that the Committee members made an excellent point, there is legislation that has been introduced probably today and they can modify those bills and add language until it comes to the floor for a vote. This would give it priority, if it comes from the Committee.

Susan Tibbon: Ms. Tibbon encouraged the Committee to look carefully at each item and weigh how much that item will affect people who grow this plant.

Ron Edwards: Mr. Edwards stated that cultivation issues are happening now, particularly around the A and M; the sooner the Committee can get these important issues before the legislature the better.

Unknown: The commenter stated that compassionate care certainly needs to be addressed. This entire government and the preceding ones before it was built here for the patients. For cancer patients suffering from cachexia, the commenter considered the dosage limit on edibles far too small.

Tim: Tim respectfully suggested that the Committee identify a short list of urgency items in the statutory arena that it wants to take up today. Table the others perhaps for the next meeting.

Roll call vote was taken, the motion to table the Subcommittees' proposed statutory recommendation until the May 17th Oakland meeting unless a Subcommittee chair chooses to present one, passed on a 19-0 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak	✓				
Matt Clifford	✓				
Bill Dombrowski	✓				
Jeff Ferro	✓				
Kristin Heidelberg-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman	✓				
Catherine Jacobson	✓				
Arnold Leff				✓	
Kristin Lynch				✓	
Kristin Nevedal	✓				
Joe Nicchitta	✓				
LaVonne Peck	✓				
Matt Rahn	✓				
Keith Stephenson	✓				
James Sweeney	✓				
Tamar Todd	✓				
Helena Williams				✓	
David Woolsey	✓				
Ben Wu	✓				
Beverly Yu	✓				

Committee Comments: 9 Comments

Committee Member Jacobson motioned the Committee to adopt the Testing Laboratory Subcommittee's Recommendations Nos. 1, 2, 3 with modification to state: "The Bureau should define acceptable reference standards in the final regulations;" and Recommendation No. 4. The motion was seconded by **Committee Member Sweeney**.

Committee Member Heidelberg-Teramoto requested clarification regarding Recommendation No. 2, expiration dates in relation to relabeling.

Committee Member Jacobson clarified that the recommendation is just to allow manufacturers to get a test and have that test be valid until their expiration date, it would not prohibit relabeling, if that is required.

Committee Member Bulbulyan questioned the wording of Recommendation No. 2, stating it says, "as determined by the manufacturer." If the distributor is responsible for the testing, how would it be determined by the manufacturer?

Committee Member Jacobson clarified the manufacturer puts the expiration date on the product and is responsible for all the content of that product until that expiration date. The distributor is not held responsible for the expiration date of the product.

Committee Member Jacobson modified Recommendation No. 2 to state "Regulations should clarify that the testing results are valid on a finished manufactured cannabis product until the expiration date of the finished product, which is determined by the manufacturer." **Assistant Chief Counsel Colson** clarified that the recommendations indicate the direction the Committee would like to provide to the licensing authorities; it is not the final language that will be in the regulations. The licensing authorities will craft the specific regulatory language based on the recommendation and the law, and will make sure the language is consistent with the rest of the regulations in terms of the use of defined terms.

Committee Member Nevedal questioned the acceptable reference standards, stating, reference standards for cannabis are very costly, and they are hard to come by. Most people develop their own reference standards in-house.

Committee Member Jacobson commented there are reference standards that are available, and unless labs are using the same reference standards, we cannot ensure reproducible results.

Public Comment: 11 Comment

Joseph Evans: Mr. Evans suggested that subcontracting to a second certified marijuana testing laboratory should be in the language somewhere.

Aaron Riley: Mr. Riley stated that all the cannabinoids that are in the regulations are available by third-party vendors.

Servino Seguira: Mr. Seguira indicated that there are reference standards available from many different manufacturers; they are not expensive with respect to the cost of running a QC-certified lab. Not all reference standards are made equal. There are even different companies that make reference standards that, when tested with respect to each other, do not yield the exact same absorbance that should be seen.

Tim Morland: Mr. Morland suggested that there needs to be some reference standards. Otherwise, it is going to create a huge problem in the market.

Sunshine Lencho: Ms. Lencho echoed the other commenters who have supported having a single reference standard. She encouraged the Committee to look at the fiscal impact of creating a state reference standard.

Daniel Crane: Mr. Crane indicated that the state does not need to reinvent the wheel for a lot of these protocols. The protocols exist for other agricultural crops for determining E. Coli and

Botrytis cinerea; things that are going to cause people to fail their testing requirements and must destroy that batch from the crop.

Ross Gordon: Mr. Gordon indicated that easing barriers around informational testing is a really important issue for stakeholders and one that has been overlooked in the regulations. He suggested an amendment to Section 5315 (g)(3) of the BCC regulations. This regulation says that a transport-only distributor is not able to transport product to a licensed testing laboratory. That makes sense for certified testing. But, with testing for informational purposes only, the transporter license should be able to arrange for that.

Unknown: The commenter recommended to keep a standard of quality for the standards that the Committee is talking about.

Unknown: The commenter suggested that there should be a board that can decide who can contract; if a licensee is going to do subcontracting for waste disposal, then go through a state body and be approved.

Alexis D'Angelo: Mr. D'Angelo suggested that it is unrealistic to expect standardization with all the potential analytes that have not even been tested yet. Setting appropriate criteria, possibly incorporating standard methodologies from other industries, would be a great step in the right direction.

Unknown: The commenter indicated they are not experiencing challenges in the County of L.A. when it comes to waste disposal. The commenter indicated that they are operating within the confines of the County and the City municipal waste hauler.

Deputy Chief Ramil restated the motion is for the Committee to adopt the Testing Laboratory Subcommittee's Recommendations Nos. 1, 2, 3 with modification to state: "The Bureau should define acceptable reference standards in the final regulations;" and Recommendation No. 4.

Roll call vote was taken, the motion to adopt the Testing Laboratory Subcommittee's Recommendations Nos. 1, 2, 3 (with modification), and 4 passed on a 19-0 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak	✓				
Matt Clifford	✓				
Bill Dombrowski	✓				
Jeff Ferro	✓				
Kristin Heidelberg-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman	✓				
Catherine Jacobson	✓				
Arnold Leff				✓	
Kristin Lynch				✓	
Kristin Nevedal	✓				
Joe Nicchitta	✓				
LaVonne Peck	✓				

Matt Rahn	✓	
Keith Stephenson	✓	
James Sweeney	✓	
Tamar Todd	✓	
Helena Williams		✓
David Woolsey	✓	
Ben Wu	✓	
Beverly Yu	✓	

5. Discussion and Possible Action to Approve, Modify, or Reject the Subcommittee on Cultivators' Recommendations (Kristin Nevedal, Chair, Subcommittee on Cultivators)

Committee Member Nevedal presented the Cultivator Subcommittee's proposed recommendations to the Committee.

Committee Comments: 4 Comments

Committee Member Nevedal motioned the Committee to adopt the Cultivator Subcommittee's Recommendation Nos. 1 and 2. **Committee Member Sweeney** seconded the motion.

Committee Member Nicchitta requested staff clarify the concerns raised for implementation of Recommendation No. 2. **Richard Parrott, California Department of Food and Agriculture (CDFA)** responded that the concern was that it would be difficult to enforce and track the recommendation, because it could potentially increase the number of crop cycles.

Committee Member Nevedal, in response to Richard Parrot, modified her motion. The motion would be to adopt Recommendation No. 1 as it currently reads and amend Recommendation No. 2 to eliminate that second section to read: "The definition of outdoor cultivation should allow the use of light deprivation techniques." **Committee Member Sweeney** seconded the modified motion.

Committee Member Cermak requested clarification regarding whether the suggested change poses a statutory problem. **Crystal D'Souza, staff counsel with CDFA** responded that it would not create a statutory issue. There was no definition in statute as to what outdoor cultivation was.

Public Comment: 4 Comment

Ron Edwards: Mr. Edwards suggested that it is vital to the small cultivator, at the cottage level, to give small farmers the ability to have a product that competes, without the associated cost; it is very vital that these suggestions be adopted by the Committee.

Unknown: The commenter encouraged the Committee not to be concerned about the ability to regulate the number of crop cycles.

Max Mikalonis: Mr. Mikalonis indicated that Flow Kana is in support of this change.

Emma Snuggs: Ms. Snuggs spoke on behalf of the CCIA Agricultural Committee. She indicated that the CCIA Agricultural Committee was support of the recommendation, with the proposed amendment.

Roll call vote was taken, the motion to adopt the Cultivator Subcommittee's Recommendations Nos. 1 and 2 (with modification) passed on an 18-1 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak	✓				
Matt Clifford		✓			
Bill Dombrowski	✓				
Jeff Ferro	✓				
Kristin Heidelberg-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman	✓				
Catherine Jacobson	✓				
Arnold Leff				✓	
Kristin Lynch				✓	
Kristin Nevedal	✓				
Joe Nicchitta	✓				
LaVonne Peck	✓				
Matt Rahn	✓				
Keith Stephenson	✓				
James Sweeney	✓				
Tamar Todd	✓				
Helena Williams				✓	
David Woolsey	✓				
Ben Wu	✓				
Beverly Yu	✓				

Committee Member Nevedal motioned the Committee to adopt the Cultivator Subcommittee's Recommendations Nos. 6, 7 and 11. **Committee Member Sweeney** seconded the motion.

Committee Comments: 8 Comments

Committee Member Bulbulyan requested a clear explanation between the differences between the A and M licenses regarding the statutory and the regulatory side, specifically what can be changed and what cannot.

Committee Member Nicchitta requested more information regarding the purpose of the recommendation regarding A and M.

Committee Member Nevedal clarified that cultivators who hold both A and M licensure on the same plot of garden area must declare, when they acquire seed or propagation material, whether that plant material is going to be part of the adult-use supply chain or the medical supply chain, and they cannot cross that material back and forth. There is concern about potential excesses in one area of the supply chain while there are shortages in the other area of the supply chain and no ability to remedy that.

Committee Member Stephenson commented the A and M designation is a hindrance in terms of knowing what space, A or M, to purchase in.

Crystal D'Souza, staff counsel with CDFA commented there is statutory language stating license types need to be designated as A or M when they are assigned, and the Track-and-Trace labels that must be applied to the product must be under that license. There is currently no statutory authorization for product to go between license types even if a licensee holds an A and M license. Once the label is affixed and designated as A or M, there is no statutory authority for that to be switched to a different license type.

Committee Member Woolsey inquired regarding Recommendation No. 11, why there is a recommendation to allow cannabis activity without the scrutiny and oversight of video as well as the protections from robbery or burglaries with video and alarms. **Committee Member Nevedal** responded that they heard a lot of testimony, that those two sections were particularly onerous and expensive to cultivators who are not required to have video surveillance and alarm systems on their cultivation site. **Crystal D'Souza, staff counsel with CDFA** commented that there are no security requirements for cultivators, at least not video requirements.

Public Comment: 21 Comment

Virgil Grant: Mr. Grant indicated that A and M should not even exist with the cultivators. It is the same product. It puts undue stress financially on the cultivator because they would have to carry two systems in one site to grow the same product. It should be determined on the retail end.

Gregory Megeurian: Mr. Megeurian indicated that he does not want to have to identify between medical and adult use at cultivation. The only difference between A and M product is the associated taxes, which comes at the point of sale. Mr. Megeurian indicated that the determination should not be made at the beginning of the supply chain because the quality of the product should remain the same whether a plant is designated for medical or adult use.

Ron Edwards: Mr. Edwards indicated that at the nursery level, there may be shortages. It is very important, particularly at the nursery level, to have that justification at the time flower is sold. Mr. Edwards also suggested that nurseries be allowed to transport their own product, as was allowed under the original regulations.

Greg Mencoff: Mr. Mencoff indicated that he hopes that the Committee keeps the medical concerns set aside, and separate when discussing the small compassion groups.

Ron Johnson: Mr. Johnson commented on Recommendation No. 11 with self-transport and distribution. He recommended that cultivators are allowed to self-transport and distribute per Recommendation No. 11.

Randy Lentz: Mr. Lentz commented on Recommendation No. 11. He indicated that the Committee should clarify or rename it. He did not believe the Committee's recommendation allows full-blown distribution all the way to retail. He believed the Committee's recommendation relates to the 15 feet from the garage to the next building or a transport to the items listed. On M and A, Mr. Lentz wanted to voice strong support of as much fluidity as possible between M and A.

Ross Gordon: Mr. Gordon indicated that with respect to the transfer between A and M, stakeholders are concerned that there could be market chaos with oversupply in some markets and undersupply in others if the current grace period that lasts until July 1st allowing transfers between those two is not extended. Mr. Gordon also supported making transport more accessible.

Susan Tibbon: Ms. Tibbon commented that regarding transport by cultivators, the Committee should keep in mind that for rural growers and farmers, they are looking at \$50.00 and up per hour to pick up and transport material. It is yet another barrier to adoption. She commented that

regarding transfer between A and M licenses, horticulturally, these are all the same plants, and the distinction seems arbitrary and punitive.

Dan Ghirjatis: Mr. Ghirjatis reminded the Committee members of the Business and Professions Code mandate in 26013 that these regulations be commercially feasible. The market will go to the efficiencies, and the medical market is being pushed out right now.

Kandice Hawes: Ms. Hawes suggested that, not only an incentive, but tax relief for the organizations providing free medicine. Ms. Hawes also suggested a separate category for growers that only want to provide free medicine and an avenue for home growers wanting to provide free medicine.

“O”: The commenter indicated that there are many financial barriers, especially if a licensee has not been operating on a for-profit basis. Suddenly, prospective licensees are having to come up with millions of dollars.

Sunshine Lencho: Ms. Lencho indicated that if the concern is accessibility to the medical market, it is important that the licensing entities not curtail the supply chain at the very outset.

Emma Snuggs: Ms. Snuggs expressed concern that the restrictions around commingling A and M plant material could lead to surplus in the A or M supply chain while shortages exist in the other. As proposed, this framework is overly restrictive, as well as costly.

Alexis D'Angelo: Ms. D'Angelo commented that when it comes to compassionate use, she supports compassionate-use programs and the value they bring to patients all over the state.

Jackie McGowan: Ms. McGowan indicated that a six-month grace period would allow this market to settle.

Unknown: The commenter indicated that dispensaries are currently sitting on medical product that they cannot move, and this is probably going to get worse. The medical market could be completely wiped out if the transition period is not extended at least six months.

Paul Hansberry: Mr. Hansberry supported the recommendation that the A and M designation should only be at the retail level. It is the same plant.

Gem Montes: The commenter spoke about recommendations Nos. 6 and 7, the M and A designation. The designations impose a burden on cultivators at this time. The commenter agreed that designation should be at the retail level. In addition, a tax-exempt status should be allowed.

Stephanie Hopper: Ms. Hopper commented that when a licensee has an A and M license, two audits are needed instead of one. Washington State has a program that is functioning this way. The Metrc system is set up to track it appropriately, and their point of sales are already set up to unlock those products and give medical patients a lower tax rate. Ms. Hopper suggested it would be wise to look at what Washington State is doing.

Ben Reed: Mr. Reed commented that the current state of compassionate use is a public health emergency. If that cannot be a priority, then Mr. Reed does not want nothing to do with this industry.

Shawn Kiernan: Mr. Kiernan indicated that there is a need to re-enfranchise those we have left behind. Those recommendations that are on compassionate care are but a small part of what needs to be done, but they are so important. Mr. Kiernan indicated that they are important because they show that the government of the State of California can listen and do the right thing for those that do not have millions of dollars needed to effect change.

Deputy Chief Ramil reread the motion stating, the motion on the table is to adopt the Cultivator Subcommittee's Recommendations No. 6, 7, and 11.

Additional Committee Comments: 4 Comments

Committee Member Huffman questioned why the licensing entities have the A and M distinction being made at the grow level.

Committee Member Bulbulyan commented if there was a consolidation of M and A, or if the whole M and A thing was not there, the supply would be rerouted based on consumer demand without having to guess what the market demand is going to be.

Committee Member Nevedal commented the only tax difference between A and M is not the excise tax, but a patient who holds a state card is eligible to not pay the state and local sales and use taxes on that product. All cannabis consumers, whether they are medical or adult use, are subject to the cultivation and the 15 percent excise tax.

Committee Member Nevedal also commented that there is wisdom in allowing the cultivation security to be set by the local jurisdiction and municipality.

Roll call vote was taken, the motion to adopt Cultivator Subcommittee Recommendations No. 6, 7 and 11 passed on an 10-2 vote, 7 Committee Members abstained.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak			✓		
Matt Clifford	✓				
Bill Dombrowski	✓				
Jeff Ferro	✓				
Kristin Heidelbach-Teramoto			✓		
Eric Hirata			✓		
Alice Huffman			✓		
Catherine Jacobson			✓		
Arnold Leff				✓	
Kristin Lynch				✓	
Kristin Nevedal	✓				
Joe Nicchitta		✓			
LaVonne Peck	✓				
Matt Rahn	✓				
Keith Stephenson	✓				
James Sweeney			✓		
Tamar Todd	✓				
Helena Williams				✓	
David Woolsey		✓			
Ben Wu			✓		
Beverly Yu	✓				

Committee Member Bulbulyan motioned for the Committee to draft a recommendation to amend the A and M designation and submit the recommendation to the legislature before the

next Committee meeting. **Committee Member Sweeney** seconded the motion. After Committee discussion regarding time and the purview of the Committee, **Committee Member Bulbulyan** tabled his motion.

6. Discussion and Possible Action to Approve, Modify, or Reject the Subcommittee on Distributors' Recommendations (Avis Bulbulyan, Chair, Subcommittee on Distributors)

Committee Member Bulbulyan presented the Distributor Subcommittee's proposed recommendations to the Committee.

Committee Comments: 5 Comments

Committee Member Woolsey commented on Recommendation No. 2, seeking clarification on if the additional label would be consistent with the test results.

Committee Member Bulbulyan responded when the labeled test results the manufacturer affixed do not match, instead of having to destroy the product or send it back to the manufacturer, the distributor can affix a label with the final results.

Committee Member Cermak questioned if the label the distributor would be allowed to affix would cover up the manufacturers label or be next to it.

Committee Member Bulbulyan commented the additional label is intended to be affixed over the manufacturers label.

Committee Member Bulbulyan motioned the Committee to adopt all 4 regulatory recommendations. **Committee Member Sweeney** seconded the motion.

Public Comment: 11 Comment

Tim Morland: Mr. Morland expressed support for the distributors ability to relabel the products with the correct test result that will place this product into the retail market.

Tyrone Freeman: Mr. Freeman suggested that distributors not have carte blanche authority within the supply chain, regarding the process of cannabis.

Susan Tibbon: Ms. Tibbon commented that, regarding samples, the only way for patients to find out about the effectiveness of a product is by trying a sample. In terms of the transition period, she agreed that it should be extended; in-stock items have not been sold. They have already been taxed and licensees should be allowed to sell them.

Gregory Megeurian: Mr. Megeurian commented on Recommendation No. 1 regarding free sampling. As a veteran, for over a decade now he has been supporting and helping his local veterans. He has been giving out samples and helping veterans that are less fortunate, helping them with their PTSD and what they've seen during combat. Those problems need to be let out; cannabis is a key tool in allowing veterans to express those emotions and let them out. Mr. Megeurian expressed a desire to be able to provide free cannabis to veterans because the veteran suicide rate is going through the roof.

Vera Levett-Casey: Ms. Levett-Casey commented on Recommendation No. 3. Currently, regulation 5301 allows for distributors to provide storage-only services for every licensee designation except for retailers. Ms. Levett-Casey requested a friendly amendment to add retailers to that list on this recommendation.

Max Mikalonis: Mr. Mikalonis expressed appreciation for the recommendations related to the transition period extension, the need for relabeling for non-THC cannabinoids, and, lastly, the belief that allowing samples to be sold for a nominal fee can be a pathway for compassion.

Stephanie Hopper: Ms. Hopper commented on selling samples. She expressed that this is an important piece to helping the regulated market grow. It is very important for people to be able to get their products out to budtenders so that budtenders can get educated about these products and help educate the consumer.

Alexander Zjadonnie: Mr. Zjadonnie indicated that the recommendation regarding a storage-only center license provides a roadway and a path to be able to distribute statewide legally and safely, whether it is being able to park at other distributors that are licensed facilities or to have a secure location where distributors can pull trucks into, park for the night, stay there, have our trucks sealed, then be able to start the next day and go for the rest of distribution.

Mark Whitlow: Mr. Whitlow suggested that the Bureau should really consider not having the state mandated tests done before product is labeled.

Jackie Subeck: Ms. Subeck asked that the Committee think about samples because sampling is going to be very important at events.

Kate Corson: Ms. Corson indicated that in the Subcommittee, it was discussed that samples should say, "Not intended for sale."

Additional Committee Comments: 2 Comments

Committee Member Woolsey expressed concerns regarding who would have the discretion to determine what variance in results required a new label and if the storage only facility would require a license or not.

Committee Member Woolsey requested the recommendation be split because it is so complicated.

The Committee discussed reasons a distributor would decide to retest a product, what label information could potentially be changed by a distributor, and the transitional period extension.

Assistant Chief Counsel Colson interjected in the discussion providing clarification that formal testing can only be done once. If it fails, a licensee could send it back for remediation to the manufacturer. Once it's remediated, a licensee could then submit it for testing again with information about what was done to remediate that product. A licensee cannot just keep testing it, but can do quality control testing for its own purposes. **Assistant Chief Counsel Colson** also clarified that the transitional period extension is limited between A and M licensees.

Roll call vote was taken, the motion to adopt the Distributor Subcommittee's Recommendations Nos. 1, 2, 3 and 4 passed on an 15-1 vote, 2 Committee Members abstained.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak	✓				
Matt Clifford	✓				
Bill Dombrowski	✓				
Jeff Ferro	✓				
Kristin Heidelberg-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman				✓	
Catherine Jacobson			✓		

Arnold Leff		✓
Kristin Lynch		✓
Kristin Nevedal	✓	
Joe Nicchitta	✓	
LaVonne Peck	✓	
Matt Rahn	✓	
Keith Stephenson	✓	
James Sweeney	✓	
Tamar Todd	✓	
Helena Williams		✓
David Woolsey	✓	
Ben Wu	✓	
Beverly Yu	✓	

Chair Rahn called for a lunch break at 1:15 p.m. **Committee Member Huffman** left the meeting, and the Committee meeting maintained quorum. The Committee meeting was called back into session at 2:12 p.m.

7. Discussion and Possible Action to Approve, Modify, or Reject the Subcommittee on Retailers' Recommendations (Bill Dombrowski, Chair, Subcommittee on Retailers)

Committee Member Dombrowski presented the Retailer Subcommittee's proposed recommendations to the Committee.

Committee Comments: 1 Comment

Committee Member Dombrowski motioned the Committee to adopt Recommendation No. 1 as written. **Committee Member Sweeney** seconded the motion.

Public Comments: 10 Comments

Zachary Pitts: Mr. Pitts commented that he wanted to have more secured vehicles that can carry more product and not have limits on the price of what can be carried, as well as un-enclosed vehicles or two-wheeled vehicles.

Dr. Lynn Silver: Dr. Silver opposed allowing delivery of adult-use cannabis in general because of evidence showing that it increases access for youth. But, if it is allowed, she requested that the regulations be clarified to clearly require age verification of the recipient, face to face, at the time of delivery.

Max Mikalonis: Mr. Mikalonis reiterated that un-enclosed vehicles as being added and urge the Bureau to reconsider the limit on carrying capacity.

Chris Hope: Mr. Hope would like to see an increase in the limits that can be carried during delivery. He also would like an opportunity for deliverers to go into the elder care communities. He requested the ability to bring the dispensary to the elderly and be able to provide them with some knowledge of the products.

Joseph Airone: Mr. Airone indicated that it would be great if deliverers could do what they had been doing before, where a doctor's recommendation was enough. He did not see why retail

licensees needed to jump through an extra hoop to have customers have ID cards when they are already terminally ill and have mobility issues.

Ryan Miller: Mr. Miller asked the Committee to not make licensees choose between compassionate cannabis access and their Constitutional rights to bear firearms.

Ross Gordon: Mr. Gordon commented that everything that can be done, should be done, to help patients.

Joan Irvine: Mr. Irvine said that it is very important that, on delivery the licensing entities use age verification.

Dan Ghirjavis: Mr. Ghirjavis indicated that after the Committee is done discussing the recommendation on No. 1, they should bring a motion on Recommendation No. 5.

Paul Hansberry: Mr. Hansberry commented that there is going to be an awful lot of waste generated from retail dispensaries and retail outlets that have back stock after July 1st. He strongly advised that the licensing entities extend the transition period along with the adult use and medical to allow them to sell the products that they have in their back stock.

Unknown: The commenter supported the recommendation for methods of delivery, but also urged the Committee to discuss the barriers to entry because prospective licensees are being left out.

Roll call vote was taken, the motion to adopt Retailer Subcommittee's Recommendation No. 1 passed on an 15-1 vote, 2 Committee Members abstained.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak			✓		
Matt Clifford	✓				
Bill Dombrowski	✓				
Jeff Ferro	✓				
Kristin Heidelberg-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman				✓	
Catherine Jacobson			✓		
Arnold Leff				✓	
Kristin Lynch				✓	
Kristin Nevedal	✓				
Joe Nicchitta		✓			
LaVonne Peck	✓				
Matt Rahn	✓				
Keith Stephenson	✓				
James Sweeney	✓				
Tamar Todd	✓				
Helena Williams				✓	
David Woolsey	✓				

Ben Wu	✓
Beverly Yu	✓

8. Discussion and Possible Action to Approve, Modify, or Reject the Subcommittee on Enforcement's Recommendations (Kristin Lynch, Chair, Subcommittee on Enforcement)

Committee Member Lynch, Chair of the Enforcement Subcommittee, was absent, therefore **Vice-Chair Todd** presented the Enforcement Subcommittee's proposed recommendations to the Committee.

Committee Comments: 5 Comments

Vice-Chair Todd motioned the Committee to adopt the Enforcement Subcommittee's Recommendations No. 1, 5 and 6. **Committee Member Sweeney** seconded the motion.

Committee Member Bulbulyan commented that there are a lot of consumer legal protections already in place as it relates to product liability and claims that businesses make and the FDA oversees and enforces against false claims made by product manufacturers.

Committee Members Dombrowski commented the FDA cannot be trusted and this recommendation is more about promulgating and clarifying what the enforcement provisions are so that more of the public is aware.

Committee Member Jacobson commented that the FDA has not been aggressive enough in addressing the health claims that are made, and there are many examples of companies selling products and making health claims over the Internet, and it is not okay.

Committee Member Cermak commented what the Subcommittee really wants is to be able to enforce what is already in the regulations and involve the public more.

Public Comments: 11 Comments

Dr. Lynn Silver: Dr. Silver commented that the market, in her investigations, is replete with false and unsubstantiated claims of health effects on numerous pieces of advertising. There needs to be clear data from regulatory agencies on advertising to minors and other abuses.

Susan Tibbon: Ms. Tibbon strongly urged the panel to look toward Ms. Nevedal's comments in terms of the kind of nomenclature that is used on herbal products, and be mindful of the health and safety of both humans and animals. She suggested that there is a middle ground to talk about well-documented efficacy.

Unknown: The commenter indicated that research has supported cannabis and the war on this science needs to stop. The commenter supported substantiated health claims, they have been substantiated. This entire industry cannot be blocked from pushing a product that is medicinally active and helps people that need it.

Joan Irvine: Mr. Irvine commented on the advertising Recommendations Nos. 1 and 6. There are only certain companies that will take age-restricted advertising. For the companies that are already doing that themselves, the Committee is considering more regulations that really do not help. The industry can be doing that.

Jackie Subeck: Ms. Subeck commented on Recommendation No. 6 regarding advertising. She recommended that the Committee add a provision that expands the ability for local control to understand their community.

Unknown: The commenter wanted the Committee to be aware or just keep in mind that the FDA is more concerned with synthetic so-called medicine as opposed to natural medicines.

Stephanie Hopper: Ms. Hopper expressed support of Recommendation No. 1. Requiring people to put their license number in advertising will help the public identify who is regulated and who is out there operating more in the black market, which cannot substantiate that they are not using pesticides or other things that are truly harmful.

Paul Hansberry: Mr. Hansberry indicated that of course, licensees should have to put their license numbers on their advertising. With regards to health claims, there are thousands upon thousands of published studies on medical cannabis on PubMed, so being able to justify those claims would be important.

Ralph Trueblood: Mr. Trueblood indicated that the people served by the industry are very vulnerable and are susceptible to false claims of cure; it is important that they be protected. The public is equally entitled to be able to receive information in an anecdotal way as to the benefits and experience of others using cannabis.

Josh Mandell: Mr. Mandell commented on Recommendation No. 5. He pointed out that California has a lot of law already on the books with respect to false advertising in its Business and Professions Code and that businesses that do engage in false advertising do often suffer the consequences through private litigation that fills courts.

Barbara McGee: Ms. McGee commented that topicals work; she could not walk and now attributes her ability to, to them.

Additional Committee Comment: 3 Comments

Chair Rahn commented that Recommendation No. 5 seems to be creating an additional layer of regulation that is unnecessary.

Vice-Chair Todd stated that the recommendation is simply that the licensing entities develop an enforcement provision as a way to enforce what they're already requiring; the regulations reflect the rule, but they don't say what the mechanism for enforcement is.

Christina Dempsey, California Department of Public Health (CDPH) commented that the language in the regulations about prohibiting health-related claims that are unsubstantiated comes from statute, CDPH does have an additional piece in its regulations that allows for "characteristic anticipated effects," which is something to help consumers understand what might happen if they take a cannabis product.

Vice-Chair Todd amended her initial motion to adopt Recommendations Nos. 1, 5, and 6 to adopt only Recommendations Nos. 1 and 6. **Committee Member Sweeney** continued his second on the motion.

Roll call vote was taken, the motion to adopt the Enforcement Subcommittee's Recommendation No. 1 and 6 passed on an 18-0 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak	✓				
Matt Clifford	✓				

Bill Dombrowski	✓	
Jeff Ferro	✓	
Kristin Heidelberg-Teramoto	✓	
Eric Hirata	✓	
Alice Huffman		✓
Catherine Jacobson	✓	
Arnold Leff		✓
Kristin Lynch		✓
Kristin Nevedal	✓	
Joe Nicchitta	✓	
LaVonne Peck	✓	
Matt Rahn	✓	
Keith Stephenson	✓	
James Sweeney	✓	
Tamar Todd	✓	
Helena Williams		✓
David Woolsey	✓	
Ben Wu	✓	
Beverly Yu	✓	

Vice-Chair Todd motioned to adopt the Enforcement Subcommittee’s Recommendation No. 5.
Committee Member Sweeney seconded the motion.

Committee Comment: 0 Comments

Public Comment: 0 Comments

Roll call vote was taken, the motion to adopt the Enforcement Subcommittee’s Recommendation No. 5 failed on an 5-11 vote, 2 Committee Members abstained.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan		✓			
Timmen Cermak	✓				
Matt Clifford	✓				
Bill Dombrowski		✓			
Jeff Ferro			✓		
Kristin Heidelberg-Teramoto		✓			
Eric Hirata		✓			
Alice Huffman				✓	
Catherine Jacobson	✓				

Arnold Leff		✓
Kristin Lynch		✓
Kristin Nevedal		✓
Joe Nicchitta	✓	
LaVonne Peck		✓
Matt Rahn		✓
Keith Stephenson		✓
James Sweeney		✓
Tamar Todd	✓	
Helena Williams		✓
David Woolsey		✓
Ben Wu		✓
Beverly Yu		✓

Vice-Chair Todd motioned the Committee to adopt the Enforcement Subcommittee's Recommendations Nos. 2, 7, 8, and 9. **Committee Member Sweeney** seconded the motion.

Public Comments: 12 Comments

Margo Feinberg: Ms. Feinberg expressed concern. She expressed support for the consumers. She expressed support the patients, but someone needs to speak for the workers in this industry. Ms. Feinberg indicated that there are state laws, and they must be complied with.

Virgil Grant: Mr. Grant indicated that although he does not support enforcement in the way that it has been done throughout the years within the community, he definitely supports it in this area. He indicated that he does not believe in giving someone an opportunity to usher into "good-faith compliance;" there needs to be enforcement now.

Donnie Anderson: Mr. Anderson indicated that when there is an unregulated market and people see the sign up that says, "we don't charge taxes," that's taking from licensed business. The state needs to make sure that it looks at the tax issues and lowering the taxes in the same way Colorado did.

Gregory Meguerian: Mr. Meguerian indicated that enforcement is a huge issue. He indicated that there are unlisted, unlicensed operators, no workman's comp, people violating all kinds of labor laws, violating zoning laws, paying no taxes, that are not an asset to the community. Such bad actors paint the good operators as the bad operators because they are charging more, which is what the regulators forced retailers to do with the taxes.

Kathleen: Kathleen indicated that enforcement is very important to support a regulated market. She asked the Committee to keep in mind that not all license rollout plans have rolled out, and many operators are still waiting for ordinances to pass.

Kelsey Barney: Ms. Barney indicated that unlicensed collectives know exactly what they are doing. They know that they are operating illegally, and they make it very difficult for the legal shops to make any kind of effort to maintain.

Max Mikalonis: Mr. Mikalonis indicated that so long as the current unlicensed collectives stay medicinal only, they may be in civil violation of the regulations, but they are not in criminal violation of the law. Come January 9th, 2019, if such collectives engage in any commercial cannabis activity, they will be in criminal and civil violation, that gives time to ramp up

enforcement. He asked that collectives be given through the end of the collective model law to transition and to let local ordinances be drafted so they can get licensed in the first place.

Unknown: The commenter indicated that there are a lot of collectives that want to go legal. All these regulations make it extremely difficult. The financial barriers are there. The black market is not going anywhere.

Sherri Franklin: Ms. Franklin indicated that she has been trying very hard to encourage young entrepreneurs who are operating illegally to stop and to understand that it is impacting the viability of the business, but there's no teeth in that language because they continue to be able to operate.

Ross Gordon: Mr. Gordon expressed that it is really important to focus on the phrase "good faith" in this recommendation and that what "good faith" looks like may be different depending on regional context.

Tyrone Freeman: Mr. Freeman commented that the reality is that this is a regulated industry now. This is business and the regulators must treat it like a business. He indicated that he thought it was very clear. If a collective exists and they're paying state taxes, that's a good-faith effort. If a collective exists and they're not paying California Department of Tax and Fee Administration (CDTFA) fees, then they're not in good faith, it is very clear.

Ben: Ben indicated that as a compassionate use provider and operating as a not-for-profit, his organization does not have much money set aside, and his county hasn't even gotten through their ordinance process; they have been working on it over a year. It's sad to see people already crying foul and they haven't even gone through the process yet.

Committee Comment: 4 Comments

Committee Member Nicchitta stated he would like to see cooperation between the State and the locals so that the locals can say, these people are in good faith or they're not, then there can be some scaled enforcement. The other three recommendations are good, but not No. 7.

Vice-Chair Todd amended her initial motion to adopt the Enforcement Subcommittee's Recommendations Nos. 2, 7, 8 and 9 to adopt only Recommendations Nos. 2, 8, and 9.

Committee Member Sweeney continued his second on the motion.

Committee Member Ferro commented he'd like a friendly amendment based upon the two individuals saying that it should be mandatory, Recommendation No. 9.

Vice-Chair Todd revised the wording of Recommendation No. 9 to state that "all licensing authorities are required to include violations of labor standards as part of the licensing process and enforcement, which shall include revocation of the license." The motion on the table was to adopt the Enforcement Subcommittee's Recommendations Nos. 2, 8, and 9 (with modification).

Additional Public Comments: 3 Comments

Unknown: The commenter asked the Committee to amend Recommendation No. 9 to make it mandatory.

Unknown: The commenter indicated that they are strongly at a disadvantage with the dual Track-and-Trace system; this really puts an undue burden on their business with an additional \$1,080 a month payment that must be paid. If the licensing entities could work with local regulators to give them the information they need so that there can be one system, it will be clear and much less burden on the farmers.

Unknown: The commenter suggested that, for the protection of those going through the process, to include "up to," not "shall be revocation," for Recommendation No. 9.

Roll call vote was taken, the motion to adopt the Enforcement Subcommittee’s Recommendation No. 2, 8, and 9 (with modification) passed on an 18-0 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak	✓				
Matt Clifford	✓				
Bill Dombrowski	✓				
Jeff Ferro	✓				
Kristin Heidelberg-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman				✓	
Catherine Jacobson	✓				
Arnold Leff				✓	
Kristin Lynch				✓	
Kristin Nevedal	✓				
Joe Nicchitta	✓				
LaVonne Peck	✓				
Matt Rahn	✓				
Keith Stephenson	✓				
James Sweeney	✓				
Tamar Todd	✓				
Helena Williams				✓	
David Woolsey	✓				
Ben Wu	✓				
Beverly Yu	✓				

Vice-Chair Todd motioned to adopt the Enforcement Subcommittee’s Recommendation No. 7. **Committee Member Sweeney** seconded the motion.

Committee Comments: 3 Comments

Committee Member Bulbulyan commented that the language makes it uneasy for him to get behind with the unlicensed collective model.

Committee Member Nevedal expressed her concerns about the recommendation, stating she does not understand what the intention of the recommendation is.

Committee Member Stephenson commented that it is much easier for the industry to move ahead together, than to have certain segments of the industry move forward while others operate in a gray market.

Public Comments: 2 Comments

Unknown: The commenter indicated that unlicensed collectives' unlicensed events are another revenue source that is not taxed. If someone is running an unlicensed collective, they can just throw an event, that is not only bringing in revenue, but what type of information are they putting out there. Is the information that the collective release even accurate? If someone is following the licensing framework, they are severely limited.

Virgil Grant: Mr. Grant commented that he fought for proposition M in L.A., and proposition M is here. And he is going to make sure he fights for enforcement so that there is fair and equitable participation. He indicated he was not saying that these collectives cannot be licensed, but they need to wait their turn. Get in line. Do it the right way. The same way other licensees did.

It was noted that Committee Member Dombrowski left the meeting, and that quorum maintained. Roll call vote was taken, the motion to adopt the Enforcement Subcommittee's Recommendation No. 7 failed on an 1-14 vote, 2 Committee Members abstained.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan		✓			
Timmen Cermak		✓			
Matt Clifford		✓			
Bill Dombrowski				✓	
Jeff Ferro		✓			
Kristin Heidelberg-Teramoto			✓		
Eric Hirata		✓			
Alice Huffman				✓	
Catherine Jacobson		✓			
Arnold Leff				✓	
Kristin Lynch				✓	
Kristin Nevedal			✓		
Joe Nicchitta		✓			
LaVonne Peck		✓			
Matt Rahn		✓			
Keith Stephenson		✓			
James Sweeney		✓			
Tamar Todd	✓				
Helena Williams				✓	
David Woolsey		✓			
Ben Wu		✓			
Beverly Yu		✓			

Vice-Chair Todd motioned to adopt the Enforcement Committee's Recommendation No. 4. **Committee Member Cermak** seconded the motion.

Committee Comment: 1 Comment

Committee Member Nevedal commented that she cannot imagine having full-time security personnel at her homestead where her cannabis is cultivated. She would have a hard time supporting either of these recommendations.

Public Comment: 12 Comments

Susan Tibbon: Ms. Tibbon indicated that regarding Recommendation No. 3, as a rural small farmer of many years, working with other people doing similar kinds of activities, it is onerous, it is sometimes impossible for many who are off the grid and it just seems punitive.

Ralph Trueblood: Mr. Trueblood indicated that it is unreasonable to have video surveillance and security personnel on a farm, a small farm especially.

Ross Gordon: Mr. Gordon stated that his position, in terms of cultivators, has been to leave video surveillance and personnel requirements to local governments to decide. This enables a place like Humboldt County to have different regulations from somewhere like Oakland or L.A., which may have different security requirements.

Max Mikalonis: Mr. Mikalonis commented on surveillance -- not just is it adding video requirements on the waste areas for retailers, but adding it to cultivators, manufacturers, and others that do not currently have that requirement. On security personnel standards, he agreed that it is overly burdensome.

Jim: Jim indicated that the Committee is not taking events into account.

Unknown: The commenter expressed that the local governments would know the situations in the environment much better.

Chris: Chris encouraged the respective licensing agencies to go ahead and take a look at their own respective polices when it comes to the security mandate.

Tim Morland: Mr. Morland commented that there should be security personnel at distributor locations. Such operators are carrying product, and have a lot of tax revenue.

Paul Hansberry: Mr. Hansberry suggested leaving security up to the local people to decide whether they need to do that type of security or not.

Joshua Jenkins: Mr. Jenkins drew attention to the security requirement of personnel at a distribution facility. This is a business-to-business solution, and placing guards similar to a retail storefront draws a lot of attention to what distributors are doing.

Virgil Grant: Mr. Grant commented that if there was to be a security guard, he could have a nice jacket with a gun tucked inside as if going in a Louis Vuitton store, but he would not want to see one standing outside his dispensary with a weapon.

Unknown: The commenter indicated that they would not argue with video. But, to require licensees to have a manned security guard at cultivations, is going to drive up that cost possibly \$20,000 more a month for them.

Roll call vote was taken, the motion to adopt the Enforcement Subcommittee's Recommendation No. 4 failed on an 0-16 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan		✓			
Timmen Cermak		✓			
Matt Clifford		✓			
Bill Dombrowski				✓	
Jeff Ferro		✓			

Kristin Heidelberg-Teramoto	✓	
Eric Hirata	✓	
Alice Huffman		✓
Catherine Jacobson	✓	
Arnold Leff		✓
Kristin Lynch		✓
Kristin Nevedal	✓	
Joe Nicchitta	✓	
LaVonne Peck	✓	
Matt Rahn	✓	
Keith Stephenson	✓	
James Sweeney	✓	
Tamar Todd	✓	
Helena Williams		✓
David Woolsey	✓	
Ben Wu	✓	
Beverly Yu	✓	

9. Discussion and Possible Action to Approve, Modify, or Reject the Subcommittee on Public Health and Youth's Recommendations (Timmen Cermak, Chair, Subcommittee on Public Health and Youth)

Committee Member Cermak presented the Public Health and Youth Subcommittee's proposed recommendations to the Committee.

Committee Member Cermak motioned the Committee to adopt the Public Health and Youth Subcommittee's Recommendations Nos. 2 and 7. The motion was seconded by **Committee Member Sweeney**.

Committee Comment: 1 Comments

Committee Member Yu asked if **Committee Member Cermak** would be agreeable to a friendly amendment to Recommendation No. 2, to explicitly strike the requirement for a state ID card to be eligible for the compassionate use program. **Committee Member Cermak** accepted the friendly amendment.

Public Comments: 4 Comments

Susan Tibbon: Ms. Tibbon asked the Committee to not be tempted to pit licensees against people who are ill and/or poor. She suggested that any re-examination of fees and implementation of higher fees be tied to gross receipts across all license types.

Max Mikalonis: Mr. Mikalonis commented that it is a significant additional barrier to compassion to have an ID card for those that are seriously ill, parents of ill children, those that are disabled, those that are veterans, those that are homeless. He expressed support of the amended motion, particularly expanding compassionate access to those just with a doctor's recommendation as opposed to the requirement of the ID card.

Jim: Jim indicated that he discovered that some people can lose their guns and some people on some low-income programs are at risk of losing those benefits if different agencies find out. That made him not want a state card at all. It is important that the doctor's note be sufficient for these programs.

Ralph Trueblood: Mr. Trueblood indicated that if the Committee could see the relief that this medicine gives to these people, the Committee would do everything in its power to make sure that they get medicine as quickly and as cheaply as possible.

It was noted that **Committee Members Jacobson and Clifford** left the meeting, and quorum was maintained. Roll call vote was taken, the motion to adopt the Public Health and Youth Subcommittee's Recommendations No. 2 (with modification) and 7 passed on an 15-0 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak	✓				
Matt Clifford				✓	
Bill Dombrowski				✓	
Jeff Ferro	✓				
Kristin Heidelberg-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman				✓	
Catherine Jacobson				✓	
Arnold Leff				✓	
Kristin Lynch				✓	
Kristin Nevedal	✓				
Joe Nicchitta	✓				
LaVonne Peck	✓				
Matt Rahn	✓				
Keith Stephenson	✓				
James Sweeney	✓				
Tamar Todd	✓				
Helena Williams				✓	
David Woolsey	✓				
Ben Wu	✓				
Beverly Yu	✓				

Committee Member Cermak motioned the Committee to adopt the Public Health and Youth Subcommittee's Recommendations Nos. 1, 3, 4, 5 and 6. **Committee Member Sweeney** seconded the motion.

Committee Comment: 0 Comments

Public Comment: 7 Comments

Unknown: The commenter indicated that adult-use cannabis is not medicinal cannabis. Medicinal cannabis should be used for specific purposes. 90 percent of use in the United States is recreational. Alcohol is not labeled as something that could help treat anxiety or treat delirium tremens or vasodilate, it is labeled as "whiskey." Similarly, adult-use cannabis should not be labelled with health claims.

Unknown: The commenter indicated that conversations about licensing and about the legalization of cannabis, go back to social equity.

Susan Tibbon: Ms. Tibbon commented that if there is concern about education, all would be better served by money spent on curriculum and training about the endocannabinoid systems, and state-of-the-art information about medical cannabis.

Jackie Subeck: Ms. Subeck indicated that she is concerned about protecting consumers from the cannabis industry giving false claims that cannabis does great things. She has seen packaging, cannabis packaging, that does the opposite, and it gives a false claim that cannabis is bad. She inquired if this recommendation goes both directions.

Greg Meguerian: Mr. Meguerian indicated that there is already a program at the state level. It's called STARS Training and there is a requirement by both our state and local law to have ID readers.

Ross McCarthy: Mr. McCarthy commented on identification in Recommendation No. 1; he expressed concern that there is some redundancy. He expressed that if the licensing entities are going to spend money and allocate budget, they look at things like cultural competency training and other different areas, versus training about how to ID when there are some methods already in place.

Stephanie Hopper: Ms. Hopper commented that not all cannabis gets people high, that's a big thing that she would like to be able to educate people on. The statistics in Colorado youth, after they have been educated, show that their use is actually down.

Committee Member Cermak amended his initial motion to adopt Public Health and Youth Subcommittee's Recommendations Nos. 1, 3, 4, 5 and 6 to adopt only Recommendations No. 1, 3, and 5. **Committee Member Sweeney** continued his second on the motion.

It was noted that **Committee Member Nicchitta** left the meeting, and that quorum maintained. Roll call vote was taken, the motion to adopt the Public Health and Youth Subcommittee's Recommendation Nos. 1, 3 and 5 passed on an 14-0 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak	✓				
Matt Clifford				✓	
Bill Dombrowski				✓	
Jeff Ferro	✓				
Kristin Heidelberg-Teramoto	✓				
Eric Hirata	✓				

Alice Huffman		✓
Catherine Jacobson		✓
Arnold Leff		✓
Kristin Lynch		✓
Kristin Nevedal	✓	
Joe Nicchitta		✓
LaVonne Peck	✓	
Matt Rahn	✓	
Keith Stephenson	✓	
James Sweeney	✓	
Tamar Todd	✓	
Helena Williams		✓
David Woolsey	✓	
Ben Wu	✓	
Beverly Yu	✓	

Committee Member Cermak motioned the Committee to adopt Public Health and Youth Subcommittee's Recommendation No. 4. The motion was seconded by **Committee Member Sweeney**.

Committee Comment: 0 Comments

Public Comment: 0 Comments

Roll call vote was taken, the motion to adopt the Public Health and Youth Subcommittee's Recommendation No. 4 passed on an 8-2 vote, 4 Committee Members abstained.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan		✓			
Timmen Cermak	✓				
Matt Clifford				✓	
Bill Dombrowski				✓	
Jeff Ferro	✓				
Kristin Heidelberg-Teramoto	✓				
Eric Hirata			✓		
Alice Huffman				✓	
Catherine Jacobson				✓	
Arnold Leff				✓	
Kristin Lynch				✓	
Kristin Nevedal			✓		
Joe Nicchitta				✓	

LaVonne Peck	✓		
Matt Rahn	✓		
Keith Stephenson			✓
James Sweeney	✓		
Tamar Todd	✓		
Helena Williams			✓
David Woolsey	✓		
Ben Wu		✓	
Beverly Yu			✓

Committee Member Cermak motioned the Committee to adopt Public Health and Youth Subcommittee's Recommendation No. 6. The motion was seconded by **Committee Member Sweeney**.

Committee Comment: 1 Comments

Committee Member Cermak commented in 2004, the Institute of Medicine recommended that, to avoid advertising for alcohol to the youth group 12 to 20, that raising the percentage up to 85 was useful, and they had some data on that. He thought that the same thing holds, since the Committee is talking about watching the same shows, reading the same magazines, that they are interested in preventing the type of advertising which is going to adults from going to as many people under 20 as we can.

Public Comment: 0 Comments

Roll call vote was taken, the motion to adopt the Public Health and Youth Subcommittee's Recommendation No. 6 passed on an 8-5 vote, 1 Committee Members abstained.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak	✓				
Matt Clifford				✓	
Bill Dombrowski				✓	
Jeff Ferro	✓				
Kristin Heidelberg-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman				✓	
Catherine Jacobson				✓	
Arnold Leff				✓	
Kristin Lynch				✓	
Kristin Nevedal			✓		
Joe Nicchitta				✓	
LaVonne Peck		✓			

Matt Rahn		✓	
Keith Stephenson		✓	
James Sweeney		✓	
Tamar Todd	✓		
Helena Williams			✓
David Woolsey		✓	
Ben Wu	✓		
Beverly Yu	✓		

10. Discussion and Possible Action to Approve, Modify, or Reject the Subcommittee on Equity's Recommendations (James Sweeney, Chair, Subcommittee on Equity)

Committee Member Sweeney presented the Equity Subcommittee's proposed recommendations to the Committee. **Committee Member Sweeney** motioned the Committee to adopt all 8 of the Equity Subcommittee's proposed recommendations. **Committee member Peck** seconded the motion.

Committee Comments: 5 Comments

Committee Member Nevedal questioned how the equity recommendations would pertain to rural communities such as Humboldt.

Vice-Chair Todd commented the intentions of the recommendation are for the state to adopt an equity program, to ensure the program reflects what happening at the local level, and to encourage local equity programs to develop and evaluate the needs and values within their communities.

Chair Rahn commented that the recommendations are not intended to provide an all-inclusive policy or program that the state would run, but that the state works hand in glove with the programs that are being identified at by local judications.

Committee Member Wu commented on Recommendation No. 2, stating waivers in an equity program are okay, but loans imply that the money will be paid back. He indicated that where a loan is not paid back, there could be a situation where a bailout may be needed.

Committee Member Bulbulyan commented that every municipality has a different definition and different qualifiers. One of the things the State can do is create a uniform set of standardized qualifiers for social equity; a list or a funding mechanism to expedite the processing.

Public Comments: 21 Comments

Virgil Grant: Mr. Grant stated that four black men have gone to jail to one white counterpart. There is a big difference here in numbers, and this is where the failed war on drugs has ravaged communities.

Cat Packer: Ms. Packer commented that it makes a lot of sense for local jurisdictions to be able to work in conjunction with the State. She did not feel as though it is appropriate for the State to designate what statewide equity means. Local communities know what communities, what individuals, have been harmed.

Margo Feinberg: Ms. Feinberg commented that there should be resources allocated to creating local models. She believes that there should be a modified fee structure and thought there is an idea of having an incentive for shelf space.

Malachai Amen: Mr. Amen commented that the Committee may not want to talk about Jim Crow, but it does have to talk about what this industry can do to repair that and repair the war on drugs, particularly the war on marijuana.

Josh Jenkins: Mr. Jenkins commented that under Business Professions Code Section 16102, veterans already are afforded that equity to not pay the start-up licensing and permitting costs, but that was overlooked during the emergency regulations being drafted. 115.4, the expedited application processing, was allowed, but 16102 was not. Now that 801159 has passed, the use of 16100 to hide behind to say that veterans are not entitled to that equity treatment they are already afforded by law is a disservice to that community.

Sarah Armstrong: Ms. Armstrong spoke on behalf of the Southern California Coalition, which asked that the State of California work with the organization and grant local equity programs the same privileges, the same respect, and the same cooperation that the community has shown.

Unknown: The commenter urged the Committee to push this on a state level to include race because there has been institutional racism with cannabis attached.

Victoria: Victoria spoke in favor of including gender equity into the social equity program, as it is just as important. The current social equity program in Los Angeles says nothing about women but addresses minorities and low-income neighborhoods.

Lynn Silver: Ms. Silver commented that the State needs to give the same love, attention and care to the issues of equity and social justice in keeping the benefits of the cannabis industry, to the extent that they exist on the wrong side of the tracks and not just going to rich investors.

Alex Zjadonnie: Mr. Zjadonnie expressed support for a state equity program.

Adam Villareal: Mr. Villareal expressed that there are a lot of people who are in strong support of social equity programs, if they had more resources available to them, he thought the Committee would want to see more implementation of those programs.

Greg Megeurian: Mr. Megeurian indicated that there is only one little area in Recommendation No. 6 where he saw a mention of veterans, and that is in the data collection. Social equity has affected certain geographic locations more than others and certain communities, but as veterans, they have suffered, especially through pharmaceutical drugs and high suicide rate. So, when any type of social equity program is being considered, veterans cannot be left out.

Ross McCarthy: Mr. McCarthy indicated that there is a difference between social equity and a diversity program, he is interested in talking about a social equity piece that can be managed at a local level, in regard to who those equity participants are.

Timothy Allen: Mr. Allen expressed that with regard to social equity programs, he really did not hear much regarding companies that are adjacent, that are going to be a staple in the industry, that bring equity to the industry.

Myra Delgado: Ms. Delgado expressed that one of the things that is not being discussed is immigrant communities. There are folks with no citizenship status who want to participate in this industry and nobody is addressing that.

Unknown: The commenter expressed that they want social equity to cover every aspect of the cannabis industry.

Sherri Franklin: Ms. Franklin indicated that she is creating an incubator in Los Angeles; she supports the Committee's efforts to provide programs. She encouraged the licensing entities to reach out to other agencies at the State who give loans.

Ryan Miller: Mr. Miller indicated that he loves equity as a pathway to justice, but asked the Committee to consider creating a superhighway to justice. He suggested a parallel system identical to equity for military veterans.

Unknown: The commenter felt that the equity program should acknowledge the Weed for Warriors organization, who knew the risks but generally went out of their way to cater to patients, to cater to compassionate use, who are not here to advocate on their behalf.

Barbara McGee: Ms. McGee commented that Native Americans have been annihilated literally. There are just a few of that are able and capable to do business.

James Edwards: Mr. Edwards asked that the Committee start a meeting with social equity, because ending with it feels rushed.

It was noted that **Committee Members Cermak and Todd** left the meeting, and quorum maintained. Roll call vote was taken, the motion to adopt the Equity Subcommittee's Recommendations No. 1-8 passed on an 12-0 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak				✓	
Matt Clifford				✓	
Bill Dombrowski				✓	
Jeff Ferro	✓				
Kristin Heidebach-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman				✓	
Catherine Jacobson				✓	
Arnold Leff				✓	
Kristin Lynch				✓	
Kristin Nevedal	✓				
Joe Nicchitta				✓	
LaVonne Peck	✓				
Matt Rahn	✓				
Keith Stephenson	✓				
James Sweeney	✓				
Tamar Todd				✓	
Helena Williams				✓	
David Woolsey	✓				
Ben Wu	✓				
Beverly Yu	✓				

Committee Member Sweeney commented to the Committee that a member of the public submitted a document titled "Minorities for Medical Marijuana" and it is in their packets.

Chair Rahn noted that agenda items 8, 9, and 10, the recommendations from the Subcommittees on Licensing Application, Manufacturers, and Microbusiness respectively, are going to be continued at the next Committee meeting.

Committee Member Bulbulyan suggested that instead of further discussing his tabled motion regarding M and A designation, he agreed to allow Chair Rahn and Bureau staff to work together on the motion to address it before the next meeting in May. **Committee Member Bulbulyan** asked that if, due to limitations, it is not handled prior to the next meeting, it be added as an agenda item at the next meeting.

11. Public Comment on Items Not on the Agenda

Public Comments: 14 Comments

Susan Tibbon: Ms. Tibbon indicated that she was extremely distressed that microbusinesses do not seem to be of immediate concern. Please keep in mind that the season starts now with seeds.

Ms. Subeck: Ms. Subeck recommended that the Committee either form a Subcommittee or take it on as a whole to discuss the event license. There are regulatory and statutory issues with the event organizer license.

Unknown: The commenter expressed concerns regarding the immigrant community that has been left out. Again, there needs to be some type of legislation or something written to help protect people that are in this country legally that want to medicate, that want to participate in this booming industry.

Unknown: The commenter indicated that they were not aware if shared facilities are still under consideration. But, if so, the use of extraction equipment at facilities using nonvolatile and volatile forms of extraction, should be available.

Jim: Jim commented that the Emerald Cup and events like it are very important. In some cases, it is their whole livelihood, so please make room for events.

Betsy Kabaker: Ms. Kabaker commented that the Committee must take into consideration the craft industry as a whole, as well as individual entrepreneurs who are trying to enter the space. The burdens are intense.

Unknown: The Commenter asked the Committee to consider using its resources to organize a job fair along the way.

Matthew: Matthew commented that it is a high burden to have edible makers and topical makers test their batch product rather than test their concentrate or cannabis at highest concentration.

Paul Hansberry: Mr. Hansberry commented that he left the document that is entitled "Microbusiness."

Timothy Allen: Mr. Allen expressed that it is critical that the Committee consider diversity for this industry. There are going to be companies out here that bring excellence, that our entrepreneurs will be minorities, and this excellence will drastically influence this industry.

Unknown: The commenter indicated that for a small business that needs a small kitchen to make topicals there are not many places in LA's zoning map that have those small spots. The commenter asked the Committee to consider that and see about zoning for smaller businesses.

Rachel: Rachel commented that testing facilities are estimating the cost of full compliance testing being between \$900 and \$1,000. If licensees are required to test every single batch, the minimum profitable batch size will have to be so large that it will require considerable capital investment in each batch. Burdening the cost of consumer-packaged goods with such high testing costs will make cannabis products less accessible.

Joshua Jenkins: Mr. Jenkins commented that Business and Professions Code Section 16102 is statutory equity treatment that has been afforded to veterans but is not being afforded by the Bureau of Cannabis Control. He brought attention to this, and felt ignored. That is unacceptable treatment of American veterans and veteran-owned businesses.

Unknown: The commenter asked the Committee to consider that with all these great recommendations, don't forget the veterans.

12. Adjournment: 6:31 PM

EXHIBIT C



**BUREAU OF
CANNABIS
CONTROL**
CALIFORNIA

Cannabis Advisory Committee

Meeting Minutes – July 19, 2018

Hilton San Diego Mission Valley, Cortez Ballroom
901 Camino Del Rio South, San Diego

Members Present (16):

Timmen Cermak
Matt Clifford
Jeff Ferro
Kristin Heidelberg-Teramoto
Eric Hirata
Arnold Leff
Kristin Lynch
Kristin Nevedal
Joe Nicchitta
LaVonne Peck
Matt Rahn
James Sweeney
Tamar Todd
David Woolsey
Ben Wu
Beverly Yu

Members Absent (6)

Avis Bulbulyan
Bill Dombrowski
Alice Huffman
Catherine Jacobson
Keith Stephenson
Helena Williams

Bureau of Cannabis Control (Bureau) Executive Staff Present

Lori Ajax – Bureau Chief
Melanie V. Ramil – Deputy Bureau Chief
Tamara Colson – Assistant Chief Counsel
Andre Jones – Assistant Chief of External and Intergovernmental Affairs
Alex Traverso — Assistant Chief of Communications

Minutes Taken By

Kaila Fayne, Staff Services Analyst, Bureau of Cannabis Control

1. Welcome, Call to Order, and Establishment of a Quorum (Matt Rahn, Chair, Cannabis Advisory Committee)

Matt Rahn, Cannabis Advisory Committee (Committee) Chair, called the meeting to order. Meeting official start time noted as 10:04 AM.

Roll was taken, 16 Committee members were present. Quorum was established.

Committee Comment: 0 Comments

Public Comment: 0 Comments

2. Welcome Remarks (Lori Ajax, Bureau Chief, Bureau of Cannabis Control)

Chief Ajax thanked the public and the Committee members for attending today and noted that the meeting will have two informational panels. Chief Ajax also stated that all three licensing authorities have released their proposed regulations and that each licensing authority will be holding public regulation hearings devoted to hearing and listening to public comments.

Committee Comment: 0 Comments

Public Comment: 0 Comments

3. Review and Approval of May 17, 2018 Cannabis Advisory Committee Meeting Minutes

The Committee reviewed the May 17, 2018 draft minutes.

Committee Comment: 3 Comments

Committee Member Peck motioned to the Committee to approve and adopt the May 17, 2018 draft minutes as presented. **Committee Member Sweeney** seconded the motion.

Committee Member Ferro suggested that since **Committee Member Sweeney** was not at the May 17 meeting, one of the committee members that was present be the second. **Chair Rahn** responded that it is typically not a problem as long as the committee member has read the draft minutes. **Committee Member Sweeney** stated that he has read the draft minutes.

Committee Member Cermak suggested that an addendum be added to future minutes that references the subcommittees' recommendations. Since the minutes only refer to the recommendations by number, members do not know what the recommendations are. **Committee Member Leff** agreed with **Committee Member Cermak** and stated that unless members know what "recommendation 1" is, the minutes are not very useful.

Public Comment: 2 Comments

Susan Tibbon: Ms. Tibbon expressed concern that the Bureau did not refer to the May 17 meeting minutes prior to releasing the readopted regulations. She suggested that a new “home business” license be created for small businesses and legacy farmers to enter the legal market.

Paul Hansberry: Mr. Hansberry agreed with Ms. Tibbon’s statements and added the he had hoped the issues surrounding microbusinesses would have been added to today’s agenda. He also expressed concern with the language in the readopted regulations prohibiting cannabis operations in private residences because it hurts communities, such as Mendocino County, where people have been operating from their homes. He also agreed with the suggestion of creating a home business license.

Additional Committee Comment:

Committee Member Sweeney asked, if a mistake was made, would the minutes be corrected before the Committee votes.

Chair Rahn responded that Bureau staff will review the minutes to see if an error was made and suggested the motion be modified to approve the minutes as written with an amendment that allows an update to the minutes if it is found that an error was made. **Committee Member Peck** withdrew her motion and suggested tabling the approval of the minutes until after Bureau staff reviews for any errors.

**4. Informational Presentation: “Cannabis Enforcement from the Local Perspective”
(Joe Devlin, Chief of Cannabis Policy and Enforcement, City of Sacramento;
Jonathan Feldman, Legislative Advocate, California Police Chiefs Association)**

Chair Rahn introduced **Jonathan Feldman, Legislative Advocate, California Police Chiefs Association (CPCA)** and **Joe Devlin, Chief of Cannabis Policy and Enforcement, City of Sacramento**. Mr. Feldman and Mr. Devlin gave presentations to the Committee on cannabis enforcement from local government perspective.

Committee Comment: 31 Comments

Committee Member Peck asked if a physical copy of the presentations or a report was going to be made available to the Committee. **Jonathan Feldman** responded that he could make a bullet point report if the Committee wishes.

Committee Member Cermak asked how to go about reframing the idea of a “low level marijuana crime” and stated that non-compliance is not a low-level crime but a tax evasion crime, which is a felony. He also stated that non-compliant businesses take money away from environmental rehabilitation, law enforcement, and funds for youth prevention, education, early intervention and treatment.

Jonathan Feldman responded and agreed with **Committee Member Cermak** that these crimes do need to be reframed from drug crimes to financial crimes and stated that there needs to be appropriate penalties, which will induce more involvement and cooperation with local law enforcement and tax agencies.

Committee Member Cermak responded that these crimes are not just financial, but they also undercut the legal cannabis industry, slowing down its ability to dominate the cannabis market.

Jonathan Feldman agreed and stated the importance of legal cannabis businesses informing local law enforcement about illegal operations in their cities.

Committee Member Sweeney asked how Mr. Devlin's efforts to educate individuals on enforcement and compliance align with efforts to ensure social equity in cities.

Joe Devlin responded that they are still in the process of trying to establish that framework to provide education to the city's equity program. Right now, enforcement is not focused on individuals selling small amounts of cannabis on the street, but more on illegal residential cultivation operations and illegal retail operations.

Jonathan Feldman added that racial and implicit bias training is being given to every officer now, both at the Academy and with current officers. He confirmed to **Committee Member Sweeney** that this is the Racial Identity Profiling Act (RIPA), which has recently been published on the internet and the largest law enforcement agencies in the state are now collecting data on identity, race, gender, and ethnic makeup of everyone they come in contact with. He adds that this is an issue which law enforcement agencies are taking very seriously.

Committee Member Peck asked if there has been an increase in crimes statewide since recreational cannabis has been legalized.

Jonathan Feldman responded that they are not collecting uniform state-wide data on crimes, and that it is hard to definitively say whether crime has increased or decreased statewide. He adds that the CPCA has a task force that is currently looking at trends and will hopefully be able to present recommendations in the next year or so.

Joe Devlin responded that he has not seen an increase in the number of illegal residential cultivation operations or illegal delivery operations and stated that if there was a shift in population from the legal market to the illicit market, it would be younger consumers. He adds that the challenge is how to get these consumers back to the legal market.

Committee Member Ferro thanked both gentlemen for presenting and noted that the Committee and licensing authorities must find a way to get the illicit market off the table. He expressed concern that if legal businesses feel that not enough is being done to stop illegal businesses from operating, they may decide to move back into the black market.

Vice-Chair Todd thanked the presenters for coming and asked what training has been provided by law enforcement in terms of interaction post-Proposition 64 (Prop 64) with cannabis consumers and people working in the now legal cannabis industry.

Jonathan Feldman responded that the Police Officer Standards Testing (POST) is the statewide commission that develops all training for law enforcement and has done some educational cannabis programs following Prop 64. He added that he believes smell of marijuana may not be probable cause to search an individual, but would check. He also stated that he is not certain of the details of the POST training regarding cannabis but can provide an outline to the Committee if they would like. **Vice-Chair Todd** responded that if there has been updates to the training, she would like to see them.

Committee Member Wu asked if there is a formal plan in place to collect data statewide on the issues discussed today. **Jonathan Feldman** responded that he was unaware of any plans to collect statewide data but that there is pending legislation to set up uniform-data collection for DUIs and cannabis-related impairment driving. **Joe Devlin** added that the State may need to help facilitate cooperation between all the organizations and agencies come up with ways to implement data collection statewide.

Committee Member Wu asked if data collection was on the Bureau's priority list. **Bureau Chief Ajax** responded that data collection is a priority and once the Bureau begins to issue annual licenses, licensees will be required to use the State's Track-and-Trace reporting system which will produce data on the movement of cannabis from seed-to-sale. Chief Ajax also stated that there will be more focus on working with tax and other licensing authorities on consolidating all the data together in one place.

Committee Member Nicchitta requested that any documents or notes sent to the Bureau in response to a committee member's question be distributed to the Committee as well and asked Mr. Devlin if there have been efforts to educate consumers on what is legal and what is not. **Joe Devlin** responded that his office did create a website, know the law, to educate the public, but has primarily focused on educating the youth through TV, radio, internet and print materials.

Committee Member Sweeney asked how many licensed testing laboratories are currently in the state. **Bureau Chief Ajax** responded that there are currently thirty-one licensed laboratories.

Committee Member Sweeney asked if there are currently enough licensed testing laboratories to handle the needs of the legal market. **Joe Devlin** responded that there probably was not enough but that ultimately the market will correct itself. He stated that the choke point in the supply chain is around distribution; there are currently not enough statewide distributors, but that the city of Sacramento will continue to issue more local permits for distributors.

Committee Member Cermak asked if illegal operations are the bigger issue or if individuals selling on the street are the bigger issue in terms of non-compliance in the industry. **Joe Devlin** responded that illegal operations and unlicensed businesses such as delivery operations are the biggest issues in non-compliance right now and stated that relaxing some of the barriers for businesses to enter the legal market will help combat the illicit market.

Chair Rahn commented that from a local government perspective, there is no uniform code or ordinance for cities to follow; each jurisdiction tends to have their own way of going about permitting businesses and asked how can cooperation between cities be facilitated to share data and information so that a model ordinance or code can be created? **Joe Devlin** responded that there is a lot of information sharing, but that it's just being done peer-to-peer, and that it is needed because some aspects of compliance and enforcement should be standardized statewide.

Jonathan Feldman added that the CPCA sent out a survey to its members asking for information on how cannabis enforcement was faring in their cities and compiling the information from the responses. He disagreed that there should be a model, statewide ordinance, stating that it would not work for a state like California, that is so diverse.

Chair Rahn commented that it is important to have some uniformity because businesses will operate in numerous jurisdictions and if each jurisdiction has its own rules, it will create confusion for consumers and licensees alike.

Jonathan Feldman commented that data collection is important, but also making sure to have the right people analyzing the data. **Committee Member Cermak** asked if the Committee will be able to see CPCA's survey results when it is finished. **Jonathan Feldman** responded that he would provide the report to the Committee if they wish.

Committee Member Lynch asked if cities like Sacramento have considered a tiered-scale for city business taxes based on the size of the operation. **Joe Devlin** responded that Sacramento has not considered adjusting the city tax that businesses must pay, but may have to in the future for distributors, testing laboratories, and other cannabis businesses that have thinner margins. As to the excise tax, he stated that the sixty percent markup rate could be adjusted and lowered to give

tax relief to licensees. **Jonathan Feldman** agreed with Mr. Devlin's comments and added that enough research has shown that high taxes will incentivize the black market.

Chair Rahn commented that cities that have banned commercial cannabis activity are inflicting self-harm because they are not generating the revenue from taxes needed to fund local enforcement to help combat illegal operations as well as return revenue back to the State to help with adjusting and lowering of tax rates and asked how this issue can be addressed. **Jonathan Feldman** responded that there will need to be money in the state budget to disperse to not just local law enforcement, but code enforcement, utility companies, local permitting authorities, and financial investigators. He noted that this might be difficult in the current political climate due to the controversial nature of legalized cannabis.

Committee Member Woolsey agreed that enforcement is important, but also noted that educating consumers is important and helping them understand that when they pay excise and other taxes, they are being guaranteed safe products that have undergone testing and are labeled and marked properly, which will also help drive more people to the legal, licensed businesses as opposed to the black market.

Committee Member Nevedal noted that the presenters spoke about illegal grow houses being a big issue in many jurisdictions and asked if there have been issues for local law enforcement in determining if someone is illegally operating as a cultivator versus cultivating for personal use.

Joe Devlin responded that, at least in Sacramento, that has not been a problem. Law enforcement is not targeting individuals with seven plants in their homes; the houses and operations they are busting have 700 or 1500 plants inside. He added that the challenge with outdoor cultivation, in urban environments, is the smell and how that might be unpleasant for residents.

Jonathan Feldman added that the best way to help law enforcement is to require legal growers to report on illegal operations. **Joe Devlin** agreed and added that law enforcement uses a variety of ways to determine illegal cultivators, including monitoring electricity consumption of suspected households.

Committee Member Yu asked if Sacramento's zoning and land use requirements have created challenges for businesses trying to enter the legal market. **Joe Devlin** responded that Sacramento set some zoning limits for businesses, such as being at least 600 feet away from parks, which have concentrated available area in Sacramento to two parts of the city. He admitted that the limit to these two parts of the city has created challenges for new businesses wanting to enter the market.

Public Comment: 11 Comments

Susan Tibbon: Ms. Tibbon commented that legacy farmers and small rural communities have few if any job opportunities, and in many ways, are similar to the small communities that are dealing with increased opioid addiction. She stated that enlisting community members to report on unlicensed farmers promotes hopelessness, illegality, suicide, and a drain on rural law enforcement and instead suggested the Bureau create a home business license to help small farmers enter the market.

Paul Hansberry: Mr. Hansberry commented that there are too many barriers for businesses to enter the legal market and suggested that the Bureau focus more on providing incentives for businesses to enter the legal market instead of adding more regulations.

Joshua Jenkins: Mr. Jenkins believes the presentations were not informational and were instead lobbying efforts that continued to push the war on drugs. He added that there will always be people

who break the law, but there are financial laws in place right now to protect from that just like every other business and asked the Committee to ignore the “statistical anomalies” and look at the actual data.

William Parno: Mr. Parno presented data from a San Diego County Marijuana Prevention Initiative study that found the number one reason for youth and county-funded drug treatment programs age 12 to 17 in San Diego County is marijuana. A survey from the San Diego Association of Government stated 91 percent of youth going into juvenile facilities who take the survey test positive for marijuana use. He suggested looking at regional resources when considering funding for enforcement.

John Tibbets: Mr. Tibbets expressed concern regarding the regulations surrounding child-resistant packaging and the challenges with trying to comply with changing requirements.

John Barthal: Mr. Barthal commented that more enforcement is not needed but rather lower taxes and that lower costs means consumers go to the legal industry. He added that some local jurisdictions over taxation or prohibition is hurting the industry and the market needs to be opened and accessible to everyone, especially small businesses.

Anna Foster: Ms. Foster agreed with **Committee Member Lynch’s** statement that high taxes are the biggest barrier for small farmers trying to enter the legal market and supported the idea of a tiered tax scale based on operation size.

Laura Wilkinson: Ms. Wilkinson spoke about the city of Chula Vista’s issues with enforcement and stated that lots of the surrounding cities have not read the regulations from the licensing authorities and many consumers are unaware of the safety regulations. She expressed support of getting more information out to the public regarding legal cannabis industry practices.

Adam: Adam stated that before enforcement and ensuring compliance, focus needs to be placed on helping people understand the regulations in the beginning and helping potential licensees with the application process.

Josh Sweeder: Mr. Sweeder responded to **Committee Member Sweeney’s** earlier question regarding the amount of licensed testing laboratories in the state. Mr. Sweeder stated that out of the thirty-one licensed labs, only nineteen are operational. Out of the nineteen operational, only twelve are running compliance tests, and less than that are running phase two testing.

Paul: Expressed concern regarding the high tax rates and agreed with the comment that increasing tax rates are helping to sustain the black market.

5. Informational Presentation: “Overview of California’s Taxes” (Nicolas Maduros, Director, California Department of Tax and Fee Administration)

Chair Rahn introduced **Nicolas Maduros, Director, California Department of Tax and Fee Administration (CDTFA)**. Mr. Maduros gave an overview presentation on how the tax structure works around cannabis in California and discussed issues in the tax system as it relates to cannabis.

Committee Comments: 15 Comments

Committee Member Ferro asked if CDTFA was the appropriate department to consider working with federal agencies on tax reform and stated that businesses’ ability to spend and pay taxes would be dramatically improved with write offs. **Nicolas Maduros** responded that for income and business tax purposes, the California Franchise Tax Board (FTB) works closely with the Internal Revenue Service (IRS).

Committee Member Sweeney asked if Mr. Maduros was aware of San Francisco's proposed gross receipts tax on \$500,000 or more with an exemption for medicinal cannabis. **Nicolas Maduros** responded that he was not aware, but stated there is a sales tax exemption for medicinal sales if the purchaser possesses a state card and that CDTFA does not collect the excise tax for compassion programs where cannabis goods are donated. **Committee Member Sweeney** asked if CDTFA is taking compassionate use programs into consideration. **Nicolas Maduros** responded that they were and that if businesses provide, without charge, cannabis through a compassion program, they can ask for and be provided a refund of the excise tax. **Committee Member Sweeney** asked if Mr. Maduros had any handouts explaining the tax structure. **Nicolas Maduros** responded that he did bring handouts to provide to the Committee. **Committee Member Nevedal** asked if CDTFA has considered, like the excise tax, refunding of the cultivation tax for compassion use programs. **Nicolas Maduros** answered that the cultivation tax cannot be refunded. **Committee Member Nevedal** responded and asked if CDTFA foresees bringing in some type of equity balance for seasonal, outdoor cultivators in the form of tiered taxation scales. **Nicolas Maduros** answered that tax rates, for dried flowers and leaves, are set in statute and CDTFA does not have the authority to change them. **Committee Member Nevedal** asked if incentives could be considered a new tax rate and a tiered system created. **Nicolas Maduros** reiterated that CDTFA cannot make adjustments or changes in tax rates but would implement any legislative change.

Committee Member Nevedal commented that some of the market comes down to the expenses retailers face due to the inability to take deductions or have write offs because of section 280E of the Federal Income Tax Code which makes their taxes much higher than any other retail entity.

Chair Rahn asked if Mr. Maduros can explain the excise tax. **Nicolas Maduros** explained that the excise tax is 15% of the wholesale cost of cannabis or cannabis product a retailer purchases from a distributor, who collects and remits the excise tax. Once Track and Trace is in place, CDTFA will be able to access data statewide to determine the average markup price.

Chair Rahn asked when Track-and-Trace is in place, if it is determined that the 60% markup was an overestimation, will CDTFA provide reimbursements or credits back to businesses.

Nicolas Maduros responded that CDTFA reviews and considers adjusting the markup rate every six months and would not provide any credits or reimbursements and added that CDTFA is more on the conservative side of the markup rate with 60%.

Chair Rahn commented and asked how CDTFA considers the variety of local tax structures in cities across the state where one city may have a lower tax rate while another city has a higher tax rate but both are still required to follow under the 60% markup rate. **Nicolas Maduros** answered that CDTFA is looking at balanced statistical sampling and that from looking at data from distributors, there is not as much variation as one would expect given local differences.

Committee Member Cermak commented that public commenters have stated that legal cannabis is priced twice as much as cannabis from the black market and stated that it is not clear if that is due to businesses' lack of ability to deduct expenses, licensing fee structures, excise and sales taxes, or because of the markup rate. **Nicolas Maduros** responded that CDTFA has barely begun with enforcement, and that he understood the difficulties legal cannabis businesses face in competing with illegal operations and stated that there needs to be more effort in ensuring compliance from businesses throughout the state.

Committee Member Lynch asked if the first quarter revenue from cannabis sales was lower than anticipated. **Nicolas Maduros** responded that was correct. **Committee Member Lynch** responded and asked if CDTFA has considered the barriers and some of the causes for the low

revenue. **Nicolas Maduros** responded that CDTFA will be receiving the second quarter data soon and expects revenue to be higher than the first quarter. He added that revenue estimates are predicated on compliance, so if compliance is lower than expected then revenue will be lower than expected.

Committee Member Nevedal asked, regarding the fresh plant tax, if a cultivator was to cut a fresh plant and apply the fresh plant tax, then choose to take a portion of the plant material for manufacturing and dry a portion to harvest, does the fresh plant tax cover everything?

Nicolas Maduros responded no, if a cultivator is selling a portion of the plant as dry, they would not be able to cut off the entire portion, save the flowers, which are taxed at \$9.25 per ounce, then dry it and have it already taxed.

Committee Member Nevedal asked if a cultivator could harvest their tops, dry them, cure them and sell them as a dry flower tax, and harvest the remaining portions later on the fresh plant tax.

Nicolas Maduros responded that he believed that was acceptable, but would have to confirm.

Committee Member Nevedal asked why cannabis waste is not considered with respect to the fresh plant tax; cultivators must weigh plants within two hours of harvest and are taxed on everything, including cannabis waste. **Nicolas Maduros** responded that he was not sure and would have to look into that and added that he has spoken with cultivators around the state who have stated they think the fresh plant tax rate is fair, but if people think otherwise, CDTFA will be happy to review it.

Public Comment: 5 Comments

Paul Hansberry: Mr. Hansberry stated that he has been told that, regarding the 15% excise tax, retailers first apply the sales tax, then the excise tax, effectively “taxing the tax”. He also suggested that since the excise tax is applied to cannabis as it enters the market then refunded as it leaves the market, the cultivation tax should follow the same process and expressed concern that there were too many barriers for small farmers and businesses to enter the legal market.

William Parno: Mr. Parno requested consideration of Bureau’s proposed regulations which allows cannabis deliveries regardless of the local jurisdictions’ ordinances, and its effect on local tax revenue, i.e. which city would get the tax revenue.

Joseph Airone: Mr. Airone requested clarification if compassion use programs needed recognition from the Bureau to be exempt from the excise tax.

Public Speaker: Requested clarification on the tax requirements for nurseries.

Susan Tibbon: Ms. Tibbon commented that while taxes are needed to help small communities, the barriers need to be removed so that small farmers and businesses can enter the legal market.

Chair Rahn called for a lunch break at 12:43PM. The Committee meeting was called back into session at 1:30PM.

6. Public Comment on Items Not on the Agenda

Public Comment: 12 Comments

Paul Hansberry: Mr. Hansberry offered to give a presentation to the Committee on the report he created regarding community damages, and proposal for a home business license.

Susan Tibbon: Ms. Tibbon commented that Prop 64 promotes, both in language and spirit, the idea that local authorities have control and site-specific oversight for licensing requirements,

security measures, and other decision-making factors. She reiterated creating a home business license for small farmers.

William Parno: Mr. Parno expressed concern about using younger looking models between the ages of 18-20 in marijuana advertisements when the age for recreational use is 21 and over.

Asst. Chief Counsel Colson clarified to the public commenters that this was not a formal regulation hearing and that if individuals wanted their comments on the Bureau's proposed regulations to be considered in the formal rulemaking process, they would need to attend one of the Bureau's regulation hearings or submit a written comment to the Bureau during the 45-day public comment period.

Anna Foster: Ms. Foster, representing Mendocino County, spoke about the challenges that small farmers and cultivators face as they try to enter the legal market and stated that cultivators need an outlet for direct sales without being required to obtain a microbusiness or additional licenses.

Joshua Jenkins: Mr. Jenkins suggested that public affairs be added to the agenda for the next committee hearing so the public can understand the level of expectation from the Committee and the Bureau. Mr. Jenkins believes the Bureau is not complying with Business and Professions Code 16102 and is ignoring the veteran community.

Joseph Airone: Mr. Airone asked if there were other items in the Bureau's proposed regulations that were non-statutory that could be changed or addressed with regards to compassionate use and urged the Committee and the Bureau to consider a compassionate-use license for businesses that provide donated cannabis and cannabis products to low-income or terminally ill patients.

Alexis D'Angelo: Ms. D'Angelo thanked the Committee and Bureau on behalf of the California Cannabis Industry Association for all their hard work and combining the A and M designations.

Matthew Gates: Mr. Gates suggested that regulation surrounding pesticide use and worker safety be added to the agenda for the next committee meeting.

Alyssa: Suggested that the batch sizes for testing laboratories be decreased because the sample pulled is too small to be representative of the entire batch and leaves room for error and opens the door for laboratories to be pressured to break the rules.

Dave Vialpando: Mr. Vialpando suggested that a discussion about how Native American tribes can participate in the legal cannabis industry.

Tom: Suggested discussion regarding cannabidiol be added to the agenda for next meeting.

Josh Sweeder: Mr. Sweeder suggested that testing laboratories be allowed to have field offices and expressed concern about address changes, that licenses cannot be moved from location to location which puts a burden on licensees who outgrow their original premises.

7. Future Agenda Items

Committee Comments: 20 Comments

Committee Member Sweeney suggested that the Committee discuss the home business license that was suggested by one of the public commenters and discuss equity at the next committee meeting.

Committee Member Cermak commented that the Committee is still waiting on a definition from the Bureau on what a microbusiness is and suggested the continued discussion on how to help small businesses and farmers enter the legal market. **Asst. Chief Counsel Colson** clarified that the limitations and scope of what a microbusiness is are provided in statute.

Committee Member Peck suggested that discussion surrounding tribal issues with entering the market be discussed at the next meeting.

Committee Member Nicchitta agreed with **Committee Member Peck** and commented that the Committee must make sure to address items that were tabled from previous meetings and clarify that while more topics are added to the Committee's list, they will not be able to speak about every single one.

Chair Rahn suggested receiving legislative updates that may have an impact on Committee topics.

Committee Member Cermak requested that the recommendations from the subcommittee on youth and public health that were not addressed last meeting be included on the next agenda and asked when the Committee will be able to discuss the proposed regulations. **Asst. Chief Counsel Colson** responded that the Committee cannot discuss that topic today because it was not on the agenda, but they can discuss whether to add it as a future agenda item.

Vice-Chair Todd asked if the Committee can request that an update and discussion regarding the proposed regulations be placed on the agenda for future meetings. **Asst. Chief Counsel Colson** responded that the Committee can decide today if they want to add the proposed regulations as a future agenda item, however due to Bagley-Keene Open Meeting Act (Bagley-Keene), the Committee cannot discuss or provide input on the proposed regulations today because it was not on the agenda.

Committee Member Ferro asked if the Committee would need to hold a special meeting to discuss the proposed regulations because the next regularly scheduled meeting would be after the public comment period ended. **Asst. Chief Counsel Colson** responded that the public comment period ends on August 27, 2018.

Committee Member Cermak questioned how the Committee would be able to serve in its advisory role if the next meeting comes after the public comment period ends. **Asst. Chief Counsel Colson** explained that the Committee, through the subcommittees, drafted recommendations and those recommendations were reviewed and looked at by the licensing authorities prior to the proposed regulations being released. She repeated that the Committee can only address whether to add the proposed regulations as a future agenda item but cannot discuss the specifics of the proposed regulations and that the committee chair can add an additional meeting if the Committee wishes.

Chair Rahn suggested that clarification regarding the role and responsibilities of the Committee be added as a future agenda item and stated that he was not opposed to having an additional meeting in August so that the Committee could have the opportunity to address the proposed regulations during the public comment period. **Asst. Chief Counsel Colson** responded and clarified that the Cannabis Advisory Committee meetings are not formal regulatory hearings, which the Bureau must hold pursuant to the Administrative Procedure Act (APA). A public comment made at the advisory meeting would not fall under the APA process and would need to attend one of the Bureau's regulatory hearings or submit a written public comment to the Bureau to be included in the formal rulemaking process.

Chair Rahn questioned what the purpose of the Committee is if the comments and discussions the Committee has had in the past are not considered in the formal rulemaking process. **Asst. Chief Counsel Colson** responded that the formal regulatory process has specific requirements that the Bureau must adhere to by law and repeated that the recommendations drafted by the subcommittees were received and considered prior to the proposed regulations being released. She added that if the Committee does decide to hold another advisory committee meeting in August, they will need to understand that comments made at an advisory meeting do not fall under the

regular rulemaking process. If anyone wants their comments or thoughts to be considered in the rulemaking process, they will need to attend one of the Bureau's regulatory hearings or submit a written public comment to the Bureau.

Chair Rahn asked how the Committee's input so far would be included in the formal rulemaking process and expressed concern that the only way to have comments or discussion be considered is to travel to Sacramento. **Asst. Chief Counsel Colson** responded that the APA allows for a specific comment period and requirements for submittals during that comment period and stated that the Bureau does consider every comment received, but must follow different procedures for the formal rulemaking process.

Committee Member Cermak asked if the Committee met after the public comment period ended, would the input the Committee makes regarding the proposed regulations at that meeting be considered by the Bureau in the formal rulemaking process? **Asst. Chief Counsel Colson** responded and stated that was something that cannot be discussed today due to Bagley-Keene and that the Committee can only discuss whether to add the topic of the proposed regulations as a future agenda item or not.

Committee Member Ferro motioned the Committee to schedule another advisory meeting in August to draft a written public comment on behalf of the Committee to submit to the Bureau before the public comment period ends. **Asst. Chief Counsel Colson** clarified that the Committee can submit a written public comment as a whole if they wish, but that a motion cannot be made because there is nothing on the agenda to vote on. She added that **Chair Rahn** does have the ability to set the agenda and set an additional meeting if he chooses.

Chair Rahn commented that he will work with **Vice-Chair Todd** to schedule an additional advisory meeting in August before the public comment period ends.

Committee Member Peck urged that **Chair Rahn** and **Vice-Chair Todd** really work on making sure the August meeting happens because previously, the Committee tried to schedule an additional meeting, but it never happened.

Chair Rahn responded that last time, there were not enough Committee members to establish quorum so the meeting could not happen and reminded the other committee members to be flexible and able to attend so that the Committee can make sure quorum will be established.

Committee Member Leff asked if the comments and discussion from the August advisory committee meeting will be integrated by the Bureau in the formal rulemaking process. **Chair Rahn** responded and stated that cannot be discussed now, but can be placed on the agenda for the August meeting. **Asst. Chief Counsel Colson** responded that the Bureau is not prohibited from considering any comments that are submitted but that there are different requirements when they are comments submitted in the formal rulemaking process and repeated that they cannot get into specifics today.

Committee Member Nevedal asked if there was a way to have a joint regulatory hearing with the Bureau and the Committee. **Asst. Chief Counsel Colson** responded that was outside the scope of discussing future agenda items.

Committee Member Cermak commented that the Committee never voted on the May 17 meeting minutes. **Committee Member Sweeney** responded that the vote on the May 17 meeting minutes was tabled until the next meeting.

Additional Public Comment: 4 Comments

Paul Hansberry: Mr. Hansberry commented that the way statute and the Bureau has interpreted the meaning of "micro" regarding microbusinesses is incorrect because it allows unlimited

manufacturing, distribution and retail and reiterated the need for a home business license for small farmers.

Joshua Jenkins: Mr. Jenkins suggested that at the August advisory committee, an update be provided on all the recommendations passed by the Committee and the results of those recommendations, in the readopted or proposed regulations. He also repeated his earlier comments regarding the Bureau's response to Business and Professions Code 16102 and stated that there needs to be clarification regarding the roles and responsibilities of the Committee.

Joseph Airone: Mr. Airone again urged the Committee to focus on helping compassionate use programs and businesses.

William Parno: Mr. Parno requested that the Committee discuss the amendments to California Vehicle Code section 23221 and 23225, allowing consumption of marijuana in a vehicle and if that overturns Health and Safety Code section 11362.3.

Adjournment: 2:30 PM

EXHIBIT D



**BUREAU OF
CANNABIS
CONTROL**
CALIFORNIA

Cannabis Advisory Committee
Meeting Minutes – August 20, 2018
Hilton Sacramento Arden West – Grand Ballroom
2200 Harvard Street, Sacramento CA 95815

Members Present (18):

Avis Bulbulyan
Timmen Cermak
Matt Clifford
Bill Dombrowski
Jeff Ferro
Kristin Heidelberg-Teramoto
Eric Hirata
Alice Huffman
Kristin Lynch
Kristin Nevedal
LaVonne Peck
Matt Rahn
Keith Stephenson
James Sweeney
Helena Williams
David Woolsey
Ben Wu
Beverly Yu

Members Absent (4)

Catherine Jacobson
Arnold Leff
Joe Nicchitta
Tamar Todd

Bureau of Cannabis Control (Bureau) Executive Staff Present

Lori Ajax – Bureau Chief
Melanie V. Ramil – Deputy Bureau Chief
Tamara Colson – Assistant Chief Counsel
Andre Jones – Assistant Chief of External and Intergovernmental Affairs
Alex Traverso — Assistant Chief of Communications

Minutes Taken By

Kaila Fayne, Staff Services Analyst, Bureau of Cannabis Control

1. Welcome, Call to Order, and Establishment of a Quorum (Matt Rahn, Chair, Cannabis Advisory Committee)

Matt Rahn, Cannabis Advisory Committee (Committee) Chair, called the meeting to order. Meeting official start time noted as 10:06 AM.

Roll was taken, 18 Committee members were present. Quorum was established.

Committee Comment: 0 Comments

Public Comment: 0 Comments

2. Review and Approval of May 17, 2018 Cannabis Advisory Committee Meeting Minutes

The Committee reviewed the May 17, 2018 draft minutes.

Committee Comment: 3 Comments

Chair Rahn commented that there was some debate regarding whether a motion had passed or failed at the prior meeting. He stated that Bureau staff had reviewed the webcast and the transcripts and determined the minutes were accurate. He clarified that due to the number of committee members present during the May meeting's vote, the motion did not have enough "ayes" to pass as required under the Bagley-Keene Opening Meeting Act (Bagley-Keene).

Committee Member Woolsey motioned the Committee to approve the May 17 meeting minutes. **Committee Member Sweeney** seconded the motion.

Public Comment: 3 Comments

Paul Hansbury: Mr. Hansbury commented that the motion that was discussed was regarding security measures for microbusinesses and stated that there was confusion about what defines a microbusiness under the Bureau's regulations, which may have caused the motion to not receive enough votes. He urged the Committee to re-vote on the motion now that there was a clearer understanding of what a microbusiness is.

Susan Tibbon: Ms. Tibbon stated that in previous meetings, the Committee and members of the public agreed that security measures should be determined by local jurisdictions rather than the State. She added that the regulations are guidelines and not set in stone.

Chair Rahn reminded the public that comments in this period are on the motion to approve the May 17 meeting minutes.

John Brower: Mr. Brower urged the Committee to re-evaluate the motion on security measures for microbusinesses and suggested that local authorities have temporary control over the businesses in their jurisdiction until the statewide market is more developed.

Roll call vote was taken, the motion to approve and adopt the May 17, 2018 minutes passed on a 18-0 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak	✓				
Matt Clifford	✓				
Bill Dombrowski	✓				
Jeff Ferro	✓				
Kristin Heidelberg-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman	✓				
Catherine Jacobson				✓	
Arnold Leff				✓	
Kristin Lynch	✓				
Kristin Nevedal	✓				
Joe Nicchitta				✓	
LaVonne Peck	✓				
Matt Rahn	✓				
Keith Stephenson	✓				
James Sweeney	✓				
Tamar Todd				✓	
Helena Williams	✓				
David Woolsey	✓				
Ben Wu	✓				
Beverly Yu	✓				

3. Review and Approval of July 19, 2018 Cannabis Advisory Committee Meeting Minutes

Committee Member Sweeney motioned for the Committee to approve and adopt the July 19 meeting minutes. **Committee Member Woolsey** seconded the motion.

Committee Comment: 0 Comments

Public Comment: 0 Comments

Roll call vote was taken, the motion to approve and adopt the July 19, 2018 minutes passed on a 18-0 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak	✓				
Matt Clifford	✓				
Bill Dombrowski	✓				
Jeff Ferro	✓				
Kristin Heidelberg-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman	✓				
Catherine Jacobson				✓	
Arnold Leff				✓	
Kristin Lynch	✓				
Kristin Nevedal	✓				
Joe Nicchitta				✓	
LaVonne Peck	✓				
Matt Rahn	✓				
Keith Stephenson	✓				
James Sweeney	✓				
Tamar Todd				✓	
Helena Williams	✓				
David Woolsey	✓				
Ben Wu	✓				
Beverly Yu	✓				

4. Chair's Report: Status of the Advisory Committee's Adopted Recommendations in the Current and Proposed Regulations of the Bureau of Cannabis Control, California Department of Food and Agriculture, and California Department of Public Health

Chair Rahn provided an overview of the status of the Committee's adopted recommendations in the current and proposed regulations of the Bureau of Cannabis Control, California Department of Food and Agriculture, and California Department of Public Health.

Committee Comments: 16 Comments

Committee Member Yu asked if members will be able to modify or clarify any of the recommendations listed prior to the submission to the licensing authorities. **Asst. Chief Counsel Colson** responded and stated that the Committee can discuss the status of each recommendation and whether to include it as a public comment, but modifying or changing recommendations falls outside of what is on the meeting agenda.

Committee Member Wu requested clarification that if committee members had additional comments or recommendations, they would need to submit that separately on their own to the licensing authorities. **Chair Rahn** confirmed that additional comments or recommendations would need to be submitted separately to the licensing authorities. **Committee Member Wu** added that a lot of things have changed from when the recommendations were first drafted and noted that he had a lot of recommended modifications that he will submit as his own personal comment.

Chair Rahn agreed with **Committee Member Wu** and urged the other committee members to submit public comments before the public comment period ends if they have additional things they would like to see in the licensing authorities' regulations.

Committee Member Nevedal requested clarification if one of the cultivation subcommittee's recommendations was amended by the Committee or after the recommendation was already approved. **Chair Rahn** responded that the recommendation was amended by the Committee, then approved and will be submitted as currently written if the Committee decides to move forward with the public comment.

Committee Member Huffman requested clarification on how some recommendations were chosen to be included and others not. **Chair Rahn** clarified that the recommendations listed on the handout were the ones the Committee approved and adopted and stated that if there are recommendations that either were not approved by the Committee or if there are additional recommendations that members felt should be reviewed by the licensing authorities, the members can submit those separate from the Committee as their own personal comment or as a representative of their organization.

Committee Member Cermak stated that there were four recommendations from the public health subcommittee that were not voted on due to time constraints and asked if those recommendations can be moved forward on behalf of the subcommittee.

Chair Rahn responded that those recommendations were statutory and stated that all recommendations that were statutory were pulled and only recommendations that were regulatory were sent to the licensing authorities for review.

Committee Member Cermak stated that due to restrictions under Bagley-Keene, the public health subcommittee was not as effective as its members hoped to be, trading transparency for efficiency and asked if he would need to submit the four statutory recommendations as his own personal comments or as the chair of the public health subcommittee. **Chair Rahn** responded that he would be submitting the comments as an individual not as the chair since the subcommittee did not get a chance to meet again and discuss the four recommendations.

Committee Member Ferro expressed appreciation to Bureau staff for compiling the report and responses from the licensing authorities.

Public Comment: 31 Comments

Paul Hansbury: Mr. Hansbury thanked the Committee for their work and stated that the Chair's report is the closest thing to a consolidated document from all three licensing authorities. He

agreed with **Committee Member Cermak's** comment that the subcommittees did not have enough time in their meetings to go over everything and expressed concern that amendments in the readopted emergency regulations—namely the prohibition of businesses not being in private residences—was not brought up to the Committee to discuss before the readopted regulations were released.

Joshua Jenkins: Mr. Jenkins expressed concern that the Bureau was not adhering to Business and Professions Code section 16102, that states military veterans do not pay fees typically associated with the startup of a business in sales outside of alcohol.

Mark Whitlow: Mr. Whitlow disagreed with the Bureau's response regarding the expiration of testing results of cannabis and cannabis products and stated that testing results do not have a timeframe and cannot expire.

Public Commenter: Commenter stated that manufacturers should be responsible for packaging products in child-resistant packaging, distributors and manufacturers should be able to put an initial label on products prior to the testing being completed, and medical cannabis retailers be able to deduct the amount of tax paid in advance on donated cannabis to compassionate care programs.

Joseph Airone: Mr. Airone expressed concern that none of the Committee's recommendations on compassionate care programs was addressed in the licensing authorities' regulations and stated that this topic is very important, and many patients' lives are on the line and in desperate need of free cannabis.

Scott Tyler: Mr. Tyler asked that more compassion should be involved in the cannabis industry and there should be more discussion about helping disadvantaged groups have adequate access to medication.

Neil Yarborough: Mr. Yarborough asked the Committee to think about how compassionate care programs have helped veterans like himself function in society and how detrimental it will be if compassionate care programs go away.

Teri: Commented that the requirement that a licensed retailer's address be printed on a receipt poses a safety concern and would like the regulations to be changed to only have the license number or the general area that the business is located.

Sabrina Fendrick: Ms. Fendrick agreed with earlier comments suggesting that child-resistant packaging be handled at the manufacturing level and not in the exit bags. She also added that retailers should be able to buy samples of products they are interested in selling.

Troy Lawrence: Mr. Lawrence suggested that the regulations regarding delivery be more simple and transparent and allow delivery to be more accessible to the patients who need medication.

Adam Villarreal: Mr. Villarreal commented that the regulations for delivery are more stringent than regulations for opioid medications.

Hannah Nelson: Ms. Nelson agreed with committee members' comments that there have been significant changes since the recommendations were drafted in March and suggested that there be some way for the Committee to integrate more current information into the Committee's public comment.

Ellen Komp: Ms. Komp expressed concern that a lot of the Committee's recommendations, especially those related to microbusinesses, were not addressed in the readopted emergency regulations or the proposed regulations as well as the raising of dosage limits and recommendations drafted by the public health and youth subcommittee.

Max Mikalonis: Mr. Mikalonis requested that the Committee have future discussions about delivery vehicle requirements such as vehicle weight, two-wheel delivery, and licensee premises

addresses being listed on delivery receipts. He also requested that the Committee look at one of the cultivation recommendations regarding light deprivation facilities that was addressed in CDFA's regulations but with the opposite intent.

Pearl Martin: Ms. Martin emphasized the importance of retailers being allowed to give free samples to customers. She suggested that the state marijuana identification card requirement for free cannabis goods be removed and agreed with other commenters that child-resistant packaging should be handled at the manufacturing level and not need to be placed in child-resistant exit packaging.

Susan Tibbin: Ms. Tibbin expressed concern that not enough was being done for small operators in the northern counties in relation to microbusinesses and reiterated the need for a home business license.

Trish Kamalia: Ms. Kamalia agreed with the recommendation that child-resistant packaging be handled at the manufacturing level and not at the retail level with exit bags.

John Brower: Mr. Brower requested the Committee review the cultivation recommendation and the definition of "outdoor" and stated that the discussion wrongly included light deprivation as an outdoor cultivation type.

Rich Miller: Mr. Miller thanked the Committee for their hard work and stated that the exit packaging requirement is an environmental problem and stated that labeling should also be handled at the manufacturing level.

Matthew Pasquale: Mr. Pasquale commented that free samples should be allowed as well as compassion programs. He suggested that delivery hours should be changed to 11:00 PM or 12:00 AM for people who do not work a regular nine-to-five shift. He also added that exit packaging should be removed and that distributors and manufacturers handle all labeling and packaging.

Deanna Garcia: Ms. Garcia agreed with other commenters that child-resistant exit packaging at the retail level is unnecessary and stated that manufactured cannabis products should be in child-resistant packaging but cannabis flower should not. She also added that the state marijuana identification card requirement for compassion programs should be removed and a doctor's recommendation should be sufficient.

Ron Richards: Mr. Richards expressed support for the exit bag requirement at the retail level and stated that businesses can use environmentally-friendly, reusable exit packaging which would help cut down on waste and environmental impact.

Paul Hansbury: Mr. Hansbury stated that, regarding outdoor cultivation, the canopy should be defined by the drip-line of the plant, not the plant count. He added that the cultivation tax for compassionate use should be able to be refunded like the refunds for the excise and sales taxes and requested clarification of the S-type license and storage only center license would be allowed in a microbusiness. He also commented that there needs to be consideration of legacy operators when discussing social equity programs, at least 24-hour notice from licensing authorities prior to inspections, and delivery employees be allowed to have extra inventory in the vehicle in case a new order comes in while they are away from the licensed premises. He also requested the Committee review the recommendation that security measures be handled by local authorities rather than the State.

Ray Purs: Mr. Purs commented that some local jurisdictions are adhering to Business and Professions Code section 16102 that states military veterans do not pay fees typically associated with the startup of a business in sales outside of alcohol and wanted to know if the State will be adhering to that section as well. He also suggested that a state program be created where

cannabis companies making a large profit are linked with social equity applicants to provide funding.

Asst. Chief Counsel Colson reminded commenters that the Committee is hearing public comments on the Chair's report and the status of the Committee's approved recommendations and that there will be time for public comments on items that appear later on the agenda as well as a public comment period for items not listed on the agenda.

Susan Tibbin: Ms. Tibbin reiterated that the definition of canopy needs to be changed from plant count to the drip line of the mature cannabis plant. She also agreed with earlier comments that legacy farmers need to be included in the category of social equity applicants.

Nidia Holmes: Ms. Holmes expressed support for compassion programs that help patients receive the medication they need and commented that customers need to be able to sample products at the retailer.

Caity Maple: Ms. Maple agreed with earlier comments suggesting that the delivery hours be extended to accommodate individuals who do not work a regular nine-to-five shift and agreed that premises addresses should not be included on delivery receipts for safety reasons.

Joe Lindsey: Mr. Lindsey expressed concern about the increase in value amount that a delivery employee can have during delivery from \$3,000 to \$10,000 and stated that this is a security issue that now makes delivery drivers and vehicles targets for theft and robbery.

Mark Carrillo: Mr. Carrillo thanked the Committee for the work and asked that they continue to keep pushing these issues to the licensing authorities. He added that the delivery hours as they stand right now do not work as there are people who wake up in the middle of the night that need medication and are not able to access it.

Paul Hansbury: Mr. Hansbury asked why the renewal fees for an annual license are the same as the original license fee and suggested that if there are no structural modifications from the previous year, the licensing fees be reduced by 50 percent.

5. Discussion and Possible Action regarding Submission of the Advisory Committee's Adopted Recommendations as Public Comment on the Proposed Regulations of the Bureau of Cannabis Control, California Department of Food and Agriculture, and California Department of Public Health

Committee Member Huffman motioned the Committee to submit all the adopted recommendations as a public comment to the Bureau. **Committee Member Cermak** seconded the motion

Asst. Chief Counsel Colson asked **Committee Member Huffman** if she meant submitting to just the Bureau or to all three licensing authorities. **Committee Member Huffman** stated that the recommendations should be submitted to all three licensing authorities and put on the official record.

Committee Comments:

Committee Member Lynch commented that the Committee has heard from numerous individuals about the importance of social equity, compassionate use, and public health and that these topics should be revisited and addressed to the full extent of the Committee's recommendations.

Committee Member Nevedal requested clarification if the recommendations would be submitted to all three licensing authorities. **Chair Rahn** answered that they would.

Committee Member Cermak requested clarification if all the subcommittees' recommendations will be submitted or only those that were approved by the full advisory committee. **Committee Member Huffman** responded that all the subcommittees' recommendations should be submitted even if they were not voted on by the full advisory committee.

Committee Member Lynch agreed that it would be a valuable submission to include all the subcommittees' recommendations but also noted that is different than what the Committee has already voted on and is compiled in the Chair's report.

Committee Member Ferro agreed with **Committee Member Lynch** and clarified that the recommendations that are before the Committee are those that are regulatory changes, not statutory changes, and emphasized the importance of submitting the regulatory recommendations to the licensing authorities for review.

Chair Rahn clarified that there is a difference between the recommendations voted on in the subcommittees and the recommendations that were approved by the full committee and the Chair's report consists of recommendations that were presented and voted on by the full committee. He repeated that if there were recommendations that should be included but did not get presented to or approved by the full committee, members can submit those recommendations as individual comments on behalf of themselves or their organizations.

Committee Member Ferro commented that the Committee did not have the opportunity to hear all the public testimonies submitted to each subcommittee and suggested that recommendations which were not heard by the full committee but were adopted by the subcommittees be included in the Committee's public comment to the licensing authorities.

Committee Member Huffman agreed with **Committee Member Ferro** and added that there was no harm in adding in recommendations that the subcommittees drafted but that the Committee did not have a chance to hear or vote on.

Committee Member Cermak commented that, regarding the public health subcommittee's recommendations, there were several that were statutory and while one of the recommendations was voted on by the Committee, the others were not because time was limited for each subcommittee to present their recommendations. He added that he would like a distinction to be made between recommendations that were adopted by the Committee and recommendations that the Committee did not hear but were voted on by the subcommittees.

Asst. Chief Counsel Colson clarified that the agenda item is discussing the regulatory recommendations that were adopted by the Committee and stated that the Committee heard all the regulatory recommendations and the ones that were not adopted have already been determined by the Committee to not be appropriate to put forward to the licensing authorities. She added that the Committee approved to combine all statutory and non-regulatory recommendations into a letter to the legislature written by the committee chair.

Committee Member Bulbulyan commented that the focus was shifted to regulatory recommendations because it was determined that the Committee could have more influence over the regulatory recommendations which the licensing authorities have the capability to change but also agreed that it would not hurt to submit all the recommendations including the ones that the subcommittees approved but were not heard by the full committee.

Chair Rahn responded that the point of adopting the recommendations by the full committee was to narrow down the recommendations to those that were collectively agreed upon by the twenty-two members on the Committee. He reiterated that if there were recommendations that

the Committee did not approve that members feel should be submitted to the licensing authorities, they can still do so as an individual or a representative of their organization.

Committee Member Huffman clarified that she was not suggesting that recommendations that the Committee reviewed and did not approve be included in the public comment but rather the recommendations that the Committee did not have the chance to review and vote on.

Chair Rahn responded and stated that the only recommendations that the Committee did not review were ones that were not regulatory or statutory in nature and the Committee approved that those recommendations be sent in a separate chair's letter to the legislature.

Committee Member Cermak stated that there was a compassionate use recommendation which was statutory that the Committee did vote on and approve.

Asst. Chief Counsel Colson clarified that the Committee did vote to handle the statutory and non-regulatory recommendations separately in a letter to the legislature drafted by the chair and vice-chair.

Chair Rahn commented that the Committee is trying to affect the items that they have the most influence over, which are regulatory recommendations. He added that all the statutory recommendations the subcommittees drafted will be included in the letter to the legislature and that only recommendations that the Committee voted to not move forward will not be included in the public comment to the licensing authorities.

Committee Member Huffman amended her motion to exclude recommendations that were reviewed by the Committee and not approved. **Asst. Chief Counsel Colson** requested clarification if the motion was to now be that all the adopted recommendations be submitted and that they be submitted to all three of the licensing authorities. **Committee Member Huffman** replied that was correct.

Committee Member Cermak seconded the amended motion.

Public Comment: 3 Comments

Paul Hansbury: Mr. Hansbury commented that the Committee needs to consider the interpretation of these regulations and statutes and referred to the recommendation regarding microbusinesses and security measures, stating that the recommendation did not get enough votes because there was too much confusion surrounding the definition of a microbusiness and requests that the recommendation be reviewed again now that there is more understanding of what a microbusiness is.

Public Commenter: Requested that the chair letter to legislature be made public prior to the Committee submitting it.

Richard Miller: Mr. Miller stated that when Proposition 64 was passed, no one realized there would be three separate state agencies regulating commercial cannabis businesses and that it was imperative that the advisory board and its comments should reflect the will of the people and be submitted to all the agencies involved.

Additional Committee Comments: 3 Comments

Committee Member Cermak asked if the public recommendation stating that the licensing authorities create a special state and local licensing process for compassionate use programs was not addressed in the current or proposed regulations because it was statutory. **Chair Rahn** replied that there could be a variety of reasons why an adopted recommendation was not addressed and stated that submitting the adopted recommendations as a public comment will require the licensing authorities to provide a response to each recommendation listed.

Asst. Chief Counsel Colson commented that all three licensing authorities provided a document called the Initial Statement of Reasons (ISOR) in the proposed regulations. She also added that for the emergency regulations package, a Finding of Emergency document was included as well. She clarified that both documents explain the regulatory language and why the regulatory language was needed, which could answer some of the Committee's questions about why the licensing authorities did or did not address certain recommendations. Ms. Colson added that once a recommendation comes before the licensing authorities through the public comment period, the licensing authorities will specifically respond to each comment and recommendation as part of the rulemaking process for the proposed regulations.

Roll call vote was taken, the amended motion to submit all the adopted recommendations as a public comment to all three licensing authorities passed on a 18-0 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak	✓				
Matt Clifford	✓				
Bill Dombrowski	✓				
Jeff Ferro	✓				
Kristin Heidelberg-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman	✓				
Catherine Jacobson				✓	
Arnold Leff				✓	
Kristin Lynch	✓				
Kristin Nevedal	✓				
Joe Nicchitta				✓	
LaVonne Peck	✓				
Matt Rahn	✓				
Keith Stephenson	✓				
James Sweeney	✓				
Tamar Todd				✓	
Helena Williams	✓				
David Woolsey	✓				
Ben Wu	✓				
Beverly Yu	✓				

8. Discussion and Possible Action on the Advisory Committee's Annual Report

Deputy Chief Ramil explained that in Business and Professions Code section 26014, subsection (c), the Committee is required to “publish an annual public report describing its activities including, but not limited to, the recommendations the advisory committee made to the licensing authorities during the immediately preceding calendar year and whether those recommendations were implemented by the licensing authorities.”

Committee Comments: 32 Comments

Committee Member Cermak asked who would be responsible for writing the annual report. **Chair Rahn** responded that he and **Vice-Chair Todd** would be responsible for working with Bureau staff to draft the report.

Committee Member Cermak asked if there will be an opportunity for the committee members to provide dissenting opinions to the report.

Chair Rahn responded that the annual report will be a collaborative effort between all committee members and Bureau staff and proposed the idea of creating a subcommittee of members to draft the annual report and present it to the Committee at the next scheduled meeting.

Asst. Chief Counsel Colson responded and clarified that if a subcommittee is created with more than two committee members on it, that meeting will be subject to Bagley-Keene rules meaning that there will need to be a 10-day notice.

Committee Member Nevedal asked if it would be easier if each subcommittee chair put together a report for each subcommittee to help **Chair Rahn** and **Vice-Chair Todd** draft the annual report.

Chair Rahn agreed with **Committee Member Nevedal** and stated that the report would not be a reiteration of recommendations from the subcommittees but a summary of all the discussions they have had.

Committee Member Huffman commented that, in the annual report, she would like the Committee to address matters that may fall out of the scope of the advisory committee and out of the purview of regulatory processes. She also stated that she believed three licensing authorities is too many and they should be consolidated into one state agency.

Chair Rahn agreed with **Committee Member Huffman** and stated that the annual report should not just contain what the Committee has done in the past year but also make recommendations about the role of the Committee moving forward and how the Committee can continue to advise the licensing authorities on matters such as social equity and compassionate use.

Committee Member Bulbulyan asked if another advisory committee meeting should be scheduled and include only one agenda item to discuss all things cannabis in California. **Chair Rahn** responded that another committee meeting cannot be created but he was not opposed to the idea of creating a subcommittee to meet regarding the “big picture” items that are germane to the annual report.

Asst. Chief Counsel Colson clarified that if the subcommittee is subject to Bagley-Keene rules, the agenda item will still need to be specific enough that the public will be on notice about the topics that will be discussed. **Committee Member Bulbulyan** asked if “State of the Industry” was specific enough. **Asst. Chief Counsel Colson** responded that would not give everyone sufficient information to determine whether the subcommittee would be talking about items that matter to them.

Committee Member Stephenson agreed with **Committee Member Huffman** and **Committee Member Bulbulyan** and added that he has found it frustrating that the issue of banking for commercial cannabis businesses has not been addressed and that maybe the Committee needs to be the one to start moving these issues forward.

Committee Member Huffman suggested that a list of specific issues should be created that includes taxation, a statewide equity program, and any other issues that members feel need to be discussed on a broader scale.

Chair Rahn suggested that the annual report subcommittee that will be created today draft the report and present it at the next committee meeting in September and then present the final report at the November committee meeting.

Committee Member Wu expressed concern that the Committee spends too much time on statutory issues which are outside of their ability to influence and commented that there should be more focus on issues which the Committee can affect.

Committee Member Bulbulyan commented that he believed that the purpose of the Committee was to advise the three licensing authorities on best practices and the implications of the regulations they create, not necessarily on the language of the regulations itself.

Committee Member Nevedal responded to **Committee Member Bulbulyan** and stated that there were certain things that were discussed in the subcommittees and that the Committee has heard from public commenters numerous times about compassion care programs, social equity, help for small farmers, and that while there is legislation in the works for some of these issues, the Committee is not aware or is not discussing these matters to the extent that is needed.

Committee Member Cermak stated that the Committee has the capacity to advocate for statutory changes where the licensing authorities do not.

Chair Rahn asked the Committee if a subcommittee be created to draft the annual report and that the chairs of each subcommittee bring a summary report to the September committee meeting to be included in the final annual report.

Committee Member Ferro requested clarification on how detailed the subcommittee chairs' reports needed to be. **Chair Rahn** responded that the reports should not be too long, maybe two to five pages maximum.

Committee Member Bulbulyan requested clarification on the timeline for the annual report.

Chair Rahn answered that the subcommittee chairs will need to have their reports ready by the September advisory committee meeting and the annual report subcommittee will present their draft of the annual report at the September advisory meeting as well. The annual report subcommittee will then incorporate the chairs' reports into the final draft of the annual report and present that at the November advisory meeting. The annual report will then be submitted January 1, 2019.

Committee Member Nevedal asked if it would be easier to just resubmit the chairs' reports that were drafted after each subcommittee hearing instead of creating a new report. **Chair Rahn** responded that the chairs could copy and paste their earlier reports if they wanted to.

Committee Member Huffman motioned that the subcommittee chairs submit their summary reports to the Committee at the next advisory committee meeting and then the chair appoint the annual report subcommittee. **Committee Member Sweeney** seconded the motion.

Committee Member Bulbulyan requested clarification if the annual report would just be limited to the subcommittee recommendations that were adopted by the Committee or contain the full reports from each subcommittee. **Chair Rahn** clarified that the annual report subcommittee will take all the chairs' summary reports and incorporate them along with information from subsequent meetings.

Public Comment: 2 Comments

Public Commenter: Requested that a separate subcommittee be created to address broader issues that the subcommittees missed.

Public Commenter: Suggested that the Committee submit the annual report to the legislature and all other government agencies involved in the cannabis industry.

Roll call vote was taken, the motion that the subcommittee chairs submit their summary reports to the Committee at the next advisory committee meeting and that the chair appoint the annual report subcommittee passed on a 18-0 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak	✓				
Matt Clifford	✓				
Bill Dombrowski	✓				
Jeff Ferro	✓				
Kristin Heidelberg-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman	✓				
Catherine Jacobson				✓	
Arnold Leff				✓	
Kristin Lynch	✓				
Kristin Nevedal	✓				
Joe Nicchitta				✓	
LaVonne Peck	✓				
Matt Rahn	✓				
Keith Stephenson	✓				
James Sweeney	✓				
Tamar Todd				✓	
Helena Williams	✓				
David Woolsey	✓				
Ben Wu	✓				
Beverly Yu	✓				

Chair Rahn called for a lunch break at 12:05PM. The Committee meeting was called back into session at approximately 1:00 PM.

6. Discussion and Possible Action on Section 5416 (d) of the Bureau of Cannabis Control's Proposed Regulations Pertaining to Delivery

The Committee reviewed section 5416 (d) of the Bureau's proposed regulations which states, "A delivery employee may deliver to any jurisdiction within the State of California."

Committee Comments:

Committee Member Woolsey commented that the City of San Jose opposes section 5416 (d) because it allows delivery operators to bypass any local regulations regarding cannabis delivery businesses. He added that while it is unfortunate that individuals live in a cities and counties where delivery has been outright banned, Proposition 64 did allow for local jurisdictions to have control over how many and what type of businesses they will allow in their limits.

Committee Member Nevedal asked if there is any other product that is currently prohibited from being delivered in California and expressed concern for areas that are "cannabis and medical islands" where patients and consumers do not have access because deliveries are banned in their cities and counties and are forced to turn to the illicit market.

Committee Member Yu agreed with **Committee Member Nevedal** and added that the intent and will of Proposition 64 was to ensure that there's access to cannabis for adults and medical patients.

Committee Member Heidelberg-Teramoto agreed with **Committee Member Yu** and **Committee Member Nevedal** and added that some consumers are intimidated and wary of entering a storefront dispensary and that delivery services provide them another option to buy from legal businesses versus the illicit market.

Committee Member Woolsey responded to all three previous speakers and stated that Proposition 64 does want the public to have access to cannabis, subject to local control, and that cities and counties should work toward developing a delivery program in their jurisdictions without the State enacting regulations that bypass local control.

Committee Member Bulbulyan commented that local jurisdictions are causing a bigger bottleneck in the industry due to their moving slowly regarding allowing businesses and added that if delivery businesses that are licensed by the local jurisdiction and the State will have oversight by the local jurisdiction where their permit is located so there really is no public safety issue with allowing licensed deliveries to deliver in any jurisdiction.

Committee Member Cermak asked if there will be lawsuits if the Bureau removes local control as it relates to delivery and why it is okay to have local control for storefront dispensaries but not for delivery businesses. **Committee Member Bulbulyan** responded that the issue of local control is not on the business aspect because there is oversight for the delivery businesses by the local jurisdiction where the permit was issued. The issue is if local jurisdictions have control over whether their residents can accept delivery of cannabis products.

Committee Member Ferro commented that the bigger problem is getting the local jurisdictions that have banned commercial cannabis activity to start allowing businesses within their cities, counties, and towns and adds that if elected officials in these jurisdictions are not allowing businesses to operate as Proposition 64 allows, they should be voted out by the residents.

Committee Member Huffman commented that there are some issues, like delivery, that would be better handled at the State level versus the local level and suggested that there be some form of state issued permit that allows operating instead of having to apply for a permit at the local level and then the state level.

Committee Member Stephenson commented that reluctance from local jurisdictions to allow storefront dispensaries comes from a need to protect their community's image and allowing deliveries helps to combat that.

Committee Member Nevedal stated that the topic of delivery is not a local control issue because these businesses will already be licensed at the local and state level and if licensed delivery services cannot use public roads to deliver legal cannabis products to consumers, it sets a dangerous precedent for transporting of cannabis goods, not just for delivery employees but for licensed distributors as well.

Committee Member Bulbulyan commented that section 5416 (d) is favorable to jurisdictions that do not want any businesses operating in their limits because it allows a resident to still have access to cannabis and cannabis products from neighboring jurisdictions while allowing city officials to not have any cannabis businesses operating in their limits.

Committee Member Heidelberg-Teramoto agreed with **Committee Member Nevedal** regarding the implications of restricting delivery and stated that she has heard of instances where distributors transporting cannabis goods were pulled over and arrested because they were moving through jurisdictions where delivery was not allowed.

Committee Member Ferro agreed with **Committee Member Heidelberg-Teramoto** and added that a lot of cities do not have the economic ability to research and formulate their own guidelines for cannabis businesses and are waiting for some guidance from the State.

Committee Member Woolsey agreed with **Committee Member Bulbulyan** that allowing delivery services would benefit the local jurisdictions that do not want to have cannabis businesses in their communities without feeling as if they have deprived their residents of access to cannabis.

Chair Rahn commented that the issue with this section boils down to local control and stated that he and **Committee Member Woolsey**, being two representatives of local government, are in the minority when it comes to the viewpoint of local control and local authority.

Committee Member Woolsey agreed with **Chair Rahn** and stated that he believes everyone should have access, but Proposition 64 does grant local jurisdictions the power to limit or ban commercial cannabis activity in their community and if residents of those communities do not agree with the local authority, they either need to vote those individuals out or move to a jurisdiction that does allow commercial cannabis activity.

Committee Member Peck commented that tribal members on reservations or living on fee land held in trust by the federal government do not have access to cannabis but are paying taxes for the land they live on.

Committee Member Huffman commented that if a jurisdiction does not want commercial cannabis businesses in their communities, that is their choice, but they should not be able to restrict their residents' access to it from jurisdictions that are allowing businesses. She adds that this is a human rights issue, not a local control issue, because people are being denied access to medication that they need.

Committee Member Stephenson agreed with **Committee Member Huffman** and expressed concern that local jurisdictions want to restrict consumers ability to purchase a commodity that is licensed and recognized by the State of California.

Committee Member Bulbulyan commented that there is no difference if a single individual went to a neighboring jurisdiction that allows commercial cannabis business, bought product, and brought it home and a delivery service doing the same thing. He added that there were more

pressing issues to handle and that the local jurisdictions don't have the right to restrict access to their residents.

Chair Rahn commented that allowing delivery in any jurisdiction is a public safety issue just as any other high-risk delivery or high-risk occupation where individuals are driving around with large sums of money are targets for crime. He added that if the legislature passes a bill that would allow deliveries in any jurisdiction, local authorities would enact the law, but the State should not preemptively try to remove local control that was granted by the legislature through Proposition 64.

Committee Member Ferro commented that a lot of the cities whose citizens were overwhelmingly in support of Proposition 64 are still banning all commercial cannabis activities and this discussion would not be happening if more of those cities who were in support of Proposition 64 would allow commercial cannabis businesses to operate.

Committee Member Stephenson suggested that if a company was delivering product in a jurisdiction that does not allow commercial cannabis activity, restrict the number of orders that can be delivered at one time.

Committee Member Lynch commented that there is an imbalance between local control and individuals' right to access and that the intent of voters when passing Proposition 64 was not to restrict access to those who need it.

Committee Member Woolsey commented that if tax revenues only go to the city where the delivery originated and a delivery vehicle is robbed while delivering in a jurisdiction that has banned delivery, it becomes that jurisdiction's public safety problem and they are not getting any of the tax revenue from the delivery sales. He added that Proposition 64 was passed with the knowledge that there will be two licensure processes: the local level and the State level and that it's interesting that the public wants a statewide program when it is beneficial to them and a local-specific program when it is beneficial to them.

Committee Member Woolsey motioned for the Committee to recommend to all licensing authorities that section 5416 (d) be removed from the Bureau's regulations. **Chair Rahn** seconded the motion.

Chair Rahn commented that he believes the discussion of allowing deliveries in all jurisdictions should be left up to the legislature to handle and that allowing deliveries will unfortunately result in some cities seeking litigation which is a waste of resources and time.

Committee Member Cermak commented that he is convinced by both sides and asked if

Committee Member Woolsey would accept a friendly amendment to his motion which would exempt delivery of medical cannabis from being banned by local jurisdictions.

Committee Member Woolsey answered that he would not accept the friendly amendment and stated that local jurisdictions should be able to determine what happens in their limits regarding medical and recreational commercial cannabis activity.

Committee Member Bulbulyan stated that there was no difference between a delivery driver stopping in a jurisdiction for gas or something to eat and a delivery driver completing a delivery. The commercial cannabis activity occurs in another jurisdiction and all that is happening during the delivery is a drop off. He added that many voters did not really know how to participate or get involved when Proposition 64 was introduced so they did not understand what was going to happen. Now that they have had a chance to see the regulations in action, they can raise these issues to the authorities' attention.

Committee Member Huffman motioned for the Committee to support section 5416 (d) of the Bureau's proposed regulations. **Chair Rahn** asked for clarification if a second motion can be

made if there is already a motion and a second on the table. **Asst. Chief Counsel Colson** clarified that it would be up to the committee chair how to proceed.

Committee Member Woolsey asked if there was a way to have public comment on both his original motion and **Committee Member Huffman's** substitute motion. **Committee Member Huffman** responded that the substitute motion would need to be defeated, then the Committee could discuss the original motion.

Committee Member Bulbulyan seconded **Committee Member Huffman's** substitute motion. **Committee Member Huffman** commented that the issue is not a struggle of power between local jurisdictions and the voters of Proposition 64, but rather the issue of human rights and ignoring the will of the people who voted in favor of Proposition 64 for the will of proponents such as League of Cities or the police chiefs of the various jurisdictions.

Chair Rahn disagreed with **Committee Member Huffman** and added that local control is about representing the people. He stated that as an elected official, he is responsible for representing the will of those citizens who elected him and he is aware that other local jurisdictions made decisions without polling their communities, but some did and the decisions they make reflect what their residents wanted.

Committee Member Huffman responded that the people who **Chair Rahn** represent might not represent the voters who voted for Proposition 64. **Chair Rahn** agreed and stated that although his city did vote to pass Proposition 64, it was not by a large majority, which places him and other elected officials in a precarious situation on trying to balance and fairly represent all the needs of their residents.

Chair Rahn commented that the Committee is here in an advisory capacity to the three licensing authorities and was purposefully constructed to include many different perspectives on issues. He emphasized that this advisory committee meeting is different than the public regulatory hearings the licensing authorities are currently conducting and that the public should understand that the public comments made here are not being recorded as part of the formal rulemaking process.

Public Comment:

Rich Miller: Mr. Miller commented that the delivery is vital for patients to access the medication they need and stated that delivery should be controlled by the city where they are located not where the delivery is made.

Caity Maple: Ms. Maple commented that over 1300 letters in support of section 5416 (d) have been sent to the Bureau and stated that local jurisdictions did not have the authority to ban deliveries in their cities and that the continuance of banning deliveries will only drive consumers to the illicit market.

Public Commenter: Suggested that if a dispensary delivers outside of the city where they are located, the city where the delivery occurs receives the tax revenue. Also added that delivery locations and routes are recorded by GPS tracking devices so there would not be an issue of a driver being on a route that is not on the manifest.

Amanda Naprawa: Ms. Naprawa commented that changes to State law should not be handled at the regulatory level and should be left up to the legislature.

Susan Tibbin: Ms. Tibbin commented that the citizens of the State of California who passed Proposition 64 should have ready access to their medication.

Troy Lawrence: Mr. Lawrence commented that local control is zoning issues, not prohibition or restriction of access to medication.

Ellen Komp: Ms. Komp agreed that the issue of delivery does not need a legislative fix and can be handled through regulations. She repeated earlier comments stating that local control is over land use not access.

Adam Villarreal: Mr. Villarreal urged the Committee to understand that this issue is not about local control but about medical patients' ability to access medication and that no other commodity is regulated as strictly as cannabis.

Andrew Antwi: Mr. Antwi, on behalf of the City of Beverly Hills, opposed section 5416 (d) of the Bureau's proposed regulations and stated that this section directly contradicts the Medicinal and Adult Use Cannabis Regulatory and Safety Act (MACURSA) and would be challenged legally if not removed.

Max Mikalonis: Mr. Mikalonis expressed support for section 5416 (d) and stated that local jurisdictions that have banned deliveries are infringing on the rights of individuals under Proposition 64 to access cannabis.

Jackie McGowan: Ms. McGowan commented that she lives in Sacramento and drives two hours to Oakland once a month to buy from a dispensary and that while she is lucky that she can make that trip, others are not and depend on delivery services to have access to their medication.

Anne Kelson: Ms. Kelson commented that the State already has guidelines and rules for delivery services, so safeguards are in place even if local jurisdictions have not had a chance to create their own.

Joseph Airone: Mr. Airone commented that this is an issue of patients' rights and patients' access to medication and that local jurisdictions banning deliveries was not the original intention of the passage of Proposition 64.

Dan Georgatos: Mr. Georgatos suggested that an additional sentence be added to section 5416 (d) that says if delivering to a jurisdiction that regulates and permits commercial cannabis delivery, then that commercial cannabis licensee must comply with that local ordinance.

Michelle Disitzer: Ms. Disitzer commented that patients need to be able to access any brand, no matter how small or large.

Public Commenter: Stated that MAUCRSA granted local jurisdictions control over the origin of the delivery but not where delivery travels to or ends in. Local authorities should control commercial businesses, not consumer access.

Dale Schafer: Mr. Schafer commented that there is already a statute in place for immunity to drivers while delivering on public highways and that could work for deliveries across the state. He adds that if authorities cannot make this work, the illicit market will continue to thrive.

Eliza Maroney: Ms. Maroney pointed out that for some patients, it is not just physical limitations but also fiscal limitations that may hinder their ability to access medication if their city does not allow delivery.

Sean Kiernan: Mr. Kiernan commented that entities like the League of Cities who are fighting to restrict access are doing so at the expense of veterans who have served this country and are in desperate need of the medication.

Paul Hansbury: Mr. Hansbury commented that allowing licensed delivery services to operate does not take away control from local jurisdictions because these entities will be regulated by the city where they are located and by the State.

Public Commenter: Stated that veterans make up seven percent of the national population but account for twenty percent of national suicide rate and that if access to cannabis is restricted those numbers will continue to rise.

Public Commenter: Expressed concern that the Bureau’s website as well as California Department of Food and Agriculture’s (CDFA) website does not have a reliable way for investors to find licensing businesses.

Additional Committee Comments:

Committee Member Cermak stated that he will be abstaining from voting because he has not heard a compromise that satisfies both local control concerns and compassionate use concerns.

Committee Member Bulbulyan commented that local control should be over setting up businesses and collecting tax revenue and allowing delivery across jurisdictions does not take away local control.

Committee Member Stephenson commented that if cities did not want to allow deliveries, they could levy a tax amount that they see fit as a compromise.

Committee Member Huffman commented that sometimes a compromise cannot be reached and this is one of those situations. She added this is an issue of helping people who are in need and urged the Committee to support the section 5416 (d) as written in the Bureau’s proposed regulations.

Asst. Chief Counsel Colson requested clarification that the motion on the table was to recommend to the Bureau to keep section 5416 (d) as written. **Committee Member Huffman** responded that was correct.

Roll call vote was taken, the motion to recommend to the Bureau to keep section 5416 (d) of the proposed regulations passed on a 13-4 vote. 1 committee member abstained.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak		✓			
Matt Clifford			✓		
Bill Dombrowski	✓				
Jeff Ferro	✓				
Kristin Heidelbach-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman	✓				
Catherine Jacobson				✓	
Arnold Leff				✓	
Kristin Lynch	✓				
Kristin Nevedal	✓				
Joe Nicchitta				✓	
LaVonne Peck	✓				
Matt Rahn		✓			
Keith Stephenson	✓				

James Sweeney	✓	
Tamar Todd		✓
Helena Williams	✓	
David Woolsey	✓	
Ben Wu	✓	
Beverly Yu	✓	

7. Discussion and Possible Action on Section 5500 of the Bureau of Cannabis Control's Proposed Regulations Pertaining to Microbusiness

Committee Comments:

Committee Member Nevedal commented that microbusinesses were intended to be a pathway for small businesses, legacy farmers, and family businesses to enter into the legal market but the current structure of microbusinesses does not benefit the mentioned entities as well as it should.

Chair Rahn commented on the difficulty in establishing what a microbusiness is and how the statute can be interpreted in different ways which causes agencies like the Bureau to have to implement the intent which may be different from what was originally thought.

Committee Member Cermak asked if the microbusiness subcommittee has any suggestions on how to address these issues. **Committee Member Clifford** responded that the issue comes from imprecise language in the statute which has a cap of 10,000 square feet for cultivation activities in a microbusiness but no limits on manufacturing, retail, or distribution which is disadvantageous for small business owners.

Committee Member Nevedal agreed with **Committee Member Clifford** and stated that the original intention of Proposition 64 was not to be a catch-all for vertical integration.

Committee Member Cermak moved to recommend that the Bureau re-look at the regulations in order better serve what the Committee believed to be the original function of serving the small farmers and providing them access to the market. **Committee Member Clifford** seconded the motion.

Committee Member Bulbulyan requested clarification on what the motion entails. **Committee Member Cermak** responded that the purpose of the motion is to advise the Bureau to re-work regulations to favor the small farmer. **Committee Member Sweeney** asked if that is inclusive of home businesses. **Committee Member Cermak** responded that would be up to the Committee to decide.

Committee Member Nevedal commented that the Bureau's readopted emergency regulations prohibited cannabis business from being in private residences which also hindered existing business that have been operating from their homes for a long time.

Committee Member Bulbulyan commented that as it stands now, there is no difference between a small farmer getting a microbusiness license and a larger business becoming a microbusiness, and in some cases, a microbusiness license is not advantageous because of the restrictions on growth.

Committee Member Nevedal responded that businesses will need to decide if a microbusiness is the most efficient model and that the microbusiness license itself was meant more for the small cultivators.

Committee Member Bulbulyan commented that instead of putting restrictions on growth and profitability for all microbusinesses, focus should be on helping microbusinesses that include cultivation in their plans as a way of helping small farmers.

Public Comments:

Paul Hansbury: Mr. Hansbury repeated the need for a new home business license.

Susan Tibbin: Ms. Tibbin echoed Mr. Hansbury's comments regarding the need for a home business license and stated that California is a very large and diverse state and one size does not fit all when it comes to regulations.

Hannah Nelson: Ms. Nelson stated that for rural citizens trying to obtain a microbusiness license, finding a location that will meet the local land-use rules for their activities is difficult and suggested that microbusiness be allowed to use shared facilities or have multiple locations for the various activities.

Public Commenter: Commented that the microbusiness license was intended to create a level playing field for small farmers, not for corporations and suggested that regulators should follow the craft beer model in the liquor industry.

Public Commenter: Commented that the microbusiness license, with some work, could be the "California brand" someday and is a useful tool in bringing pre-existing operators into compliance and suggested setting a cap on growth of all activities under a microbusiness and calling it something else if a business exceeds that cap.

Paul Hansbury: Mr. Hansbury stated that the cannabis industry is not new, but newly legalized and that the regulatory framework should be for the established industry not the other way around. He repeated his earlier comments about the need for a separate home business license.

Ross Gordon: Mr. Gordon commented that the microbusiness licenses that have been issued have been to urban areas and that there needs to be access for rural cultivators to enter the market. He urged the Committee to re-look at the microbusiness subcommittee recommendation that stated that local jurisdictions could opt-out of security requirements mandated by the State.

Tim Blake: Mr. Blake echoed earlier comments that there needs to be more help for the smaller businesses to enter the legal market.

Hannah Nelson: Ms. Nelson suggested a distinction between a microbusiness with self-distribution versus a microbusiness with full distribution services, more tiers for the microbusiness fees, shared facilities tied to income caps, and removing insurance requirements for self-distribution businesses.

Susan Tibbin: Ms. Tibbin echoed earlier comments regarding the need for a home business license.

Paul Hansbury: Mr. Hansbury repeated earlier comments about the need for a home business license and stated that the license will bring back the sense of community in rural towns and cities.

John Brower: Suggested that the language for microbusiness be more specific to not give the idea that individuals are trying to operate large scale businesses from their kitchen tables.

Paul Hansbury: Mr. Hansbury stated that the current regulations in effect are hurting communities that have operated out of their homes for a long time.

Additional Committee Comments: 2 Comments

Committee Member Ferro asked for the motion to be repeated. **Deputy Chief Ramil** repeated that the motion was to advise the Bureau to re-work the regulations around microbusiness to favor small farmers, which was the original intent of Proposition 64.

Committee members **Huffman, Lynch, and Peck** left the meeting and quorum was maintained. Roll call vote was taken, the motion to recommend advising the Bureau to re-work the regulations around microbusiness to favor small farmers which was the original intent of 64 passed on a 14-0 vote. 1 committee member abstained.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan			✓		
Timmen Cermak	✓				
Matt Clifford	✓				
Bill Dombrowski	✓				
Jeff Ferro	✓				
Kristin Heidelbach-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman				✓	
Catherine Jacobson				✓	
Arnold Leff				✓	
Kristin Lynch				✓	
Kristin Nevedal	✓				
Joe Nicchitta				✓	
LaVonne Peck				✓	
Matt Rahn	✓				
Keith Stephenson	✓				
James Sweeney	✓				
Tamar Todd				✓	
Helena Williams	✓				
David Woolsey	✓				
Ben Wu	✓				
Beverly Yu	✓				

Chair Rahn motioned to have the microbusiness subcommittee reconvene in the future to discuss issues surrounding microbusiness and report back to the Committee at the next meeting. **Committee Member Nevedal** seconded the motion.

Chair Rahn amended his motion to include extending specific invitations to public commenters who the Committee has heard from regarding microbusinesses to provide materials to the subcommittee. **Committee Member Nevedal** seconded the amended motion.

Committee Comments:

Committee Member Cermak suggested that the microbusiness subcommittee meet either before or after the full advisory committee meeting in Eureka in September. **Chair Rahn** responded that if the subcommittee wishes to do that, it can be arranged.

Committee Member Nevedal asked **Committee Member Sweeney** if he would make sure that the recommendations from the microbusiness subcommittee that were included in the statutory list be added in the subcommittee chair's report because a lot of the issues surrounding microbusinesses are statutory.

Chair Rahn suggested that the first half of the committee meeting in Eureka in September be dedicated to the microbusiness subcommittee and the second half of the day be the full committee meeting.

Committee Member Ferro stated that the subcommittees were made small out of necessity, not due to lack of interest by members, and suggested that more committee members be allowed to join the microbusiness subcommittee.

Chair Rahn asked who is currently on the microbusiness subcommittee that will be present at the next meeting in Eureka. **Committee Members Nevedal, Clifford, and Heidelberg-Teramoto** indicated they will all be present at the next meeting in Eureka. **Committee Members Ferro and Bulbulyan** indicated that they would like to be included in the microbusiness subcommittee for the next meeting. **Chair Rahn** amended his motion to state that the five mentioned individuals reconvene as the microbusiness subcommittee. **Committee Member Nevedal** seconded the motion.

Public Comment:

Paul Hansbury: Mr. Hansbury commented that he would hope the subcommittee discuss the idea of a home business license.

Roll call vote was taken, the amended motion to have five members reconvene for a microbusiness subcommittee meeting and extend invitations to specific public commenters to provide materials to the subcommittee passed on a 15-0 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak	✓				
Matt Clifford	✓				
Bill Dombrowski	✓				
Jeff Ferro	✓				
Kristin Heidelberg-Teramoto	✓				
Eric Hirata	✓				
Alice Huffman				✓	
Catherine Jacobson				✓	

Arnold Leff	✓
Kristin Lynch	✓
Kristin Nevedal	✓
Joe Nicchitta	✓
LaVonne Peck	✓
Matt Rahn	✓
Keith Stephenson	✓
James Sweeney	✓
Tamar Todd	✓
Helena Williams	✓
David Woolsey	✓
Ben Wu	✓
Beverly Yu	✓

10. Future Agenda Items

Committee Comments:

Committee Member Nevedal requested that cannabis events be discussed at the next meeting.

Committee Member Bulbulyan requested that section 5418 (a) and 5418 (c) of the Bureau's proposed regulations be discussed.

Committee Member Cermak requested the Committee revisit the issue of advertising health claims for non-medical cannabis now that there is no longer any A or M designation until the point of sale.

9. Public Comment on Items Not on the Agenda

Public Comments:

Jackie McGowan: Ms. McGowan requested that the Committee discuss Track-and-Trace failure, specifically section 5050 (d) of the Bureau's proposed regulations and Phase 3 testing in licensed testing laboratories.

Preston: Commented that the six-plant minimum for personal use be changed to account for growing plants to eat as food.

Hannah Nelson: Ms. Nelson requested that the Committee discuss cannabis collectives and extending temporary licenses past the January 1, 2019 deadline listed in statute.

Jim Lewi: Mr. Lewi expressed support for the Committee to discuss cannabis events at the next meeting.

Paul Hansbury: Mr. Hansbury requested that the Committee discuss composite testing of cannabis goods.

Public Commenter: Agreed with Mr. Hansbury and added that composite testing will help alleviate financial issues for licensees and relieve the bottleneck in the industry by streamlining testing.

Savino Sguera: Mr. Sguera stated that testing laboratories should be able to sublet sample testing to other licensed laboratories.

Public Commenter: Commenter stated that the packaging requirements are onerous, and the testing requirements are exorbitantly expensive.

Rich Miller: Mr. Miller stated that shortages in supplies in dispensaries are due to local jurisdictions either not having the ability or not wanting to permit businesses and there needs to be help from the State in getting these jurisdictions to issue permits.

Tim Blake: Mr. Blake echoed earlier comments for the Committee to discuss cannabis events.

Taylor Blake: Ms. Blake also urged the Committee to discuss cannabis events at the next meeting and added that the Bureau should look at the wine industry on how to structure cannabis event guidelines and to allow event organizers to provide a list of all vendors and working staff the day of the event, rather than the 60 days prior as is currently in the regulations.

Max Mikalonis: Mr. Mikalonis supported earlier comments that the Committee discuss Track-and-Trace failure, specifically section 5050 (d) of the Bureau's proposed regulations and Phase 3 testing in licensed testing laboratories.

Randy Disitzer: Mr. Disitzer requested the Committee discuss expanding hours for cannabis deliveries and expanding the scope of events to include educational and informational events.

John Brower: Mr. Brower requested that the Committee discuss self-distribution operations at the next meeting.

Susan Tibbin: Ms. Tibbin urged the Committee to be mindful of the time constraints small businesses are under, many of whom have already had to closed because they were not able to enter the legal market.

Adjournment: 4:07 PM

EXHIBIT E



Cannabis Advisory Committee
Meeting Minutes – June 28, 2019

Millennium Biltmore Hotel – Biltmore Bowl
506 South Grand Avenue, Los Angeles, CA 90071

Members Present (17):

Avis Bulbulyan
Bill Dombrowski
Jeff Ferro
Kristin Heidelberg
Eric Hirata
Alice Huffman
Arnold Leff
Kristin Nevedal
Joe Nicchitta
LaVonne Peck
Keith Stephenson
James Sweeney
Tamar Todd
Helena Williams
David Woolsey
Ben Wu
Beverly Yu

Members Absent (5):

Timmen Cermak
Matt Clifford
Catherine Jacobson
Kristin Lynch
Matt Rahn

Bureau of Cannabis Control (Bureau) Executive Staff Present

Lori Ajax – Bureau Chief
Tamara Colson – Assistant Chief Counsel
Andre Jones – Assistant Chief of External and Intergovernmental Affairs

California Department of Public Health (CDPH) Executive Staff Present

Miren Klein – Assistant Deputy Director, Center for Environmental Health

California Department of Food and Agriculture (CDFA) Executive Staff Present

Richard Parrot – Director, CalCannabis Cultivation Licensing Division

Minutes Taken By

Kaila Fayne, Legal Program Analyst, Bureau of Cannabis Control

1. Call to Order, and Establishment of a Quorum

Jeff Ferro, Cannabis Advisory Committee (Committee) Chair, called the meeting to order. Meeting official start time noted as 10:04 AM.

Roll was taken, 17 Committee members were present. Quorum was established.

Committee Comment: 0 Comments

Public Comment: 0 Comments

2. Review and Approval of March 27, 2019 Cannabis Advisory Committee Meeting Minutes

The Committee reviewed the March 27, 2019 draft meeting minutes.

Committee Comment: 2 Comments

Committee Member Sweeney motioned to approve the draft minutes. **Committee Member Bulbulyan** seconded the motion.

Public Comment: 0 Comments

Roll call was taken, the motion to approve the March 27, 2019 draft meeting minutes passed on a 16-0 vote. 1 member abstained.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak				✓	
Matt Clifford				✓	
Bill Dombrowski	✓				
Jeff Ferro	✓				
Kristin Heidelberg	✓				
Eric Hirata	✓				

Alice Huffman	✓	
Catherine Jacobson		✓
Arnold Leff	✓	
Kristin Lynch		✓
Kristin Nevedal	✓	
Joe Nicchitta	✓	
LaVonne Peck	✓	
Matt Rahn		✓
Keith Stephenson	✓	
James Sweeney	✓	
Tamar Todd	✓	
Helena Williams	✓	
David Woolsey	✓	
Ben Wu	✓	
Beverly Yu	✓	

3. Informational Presentation: “Tribal Participation in the Legal Cannabis Industry” (David Vialpando, Executive Director, Ilipay Nation of Santa Ysabel and Mark Levitan, Attorney)

Chair Ferro introduced **David Vialpando** and **Mark Levitan**. Mr. Vialpando and Mr. Levitan gave a presentation on the participation of tribes in the California legal cannabis industry.

Committee Comment: 18 Comment

Chair Ferro explained that this was only an informational presentation and that there were no items to take action on for this topic.

Committee Member Sweeney commented that there are groups in society that have disproportionally impacted depending on who they are, and that Native American tribes are definitely one of those groups. He asked the speakers how they [the Committee] can help “break down the wall” between the State and tribal communities.

Mr. Vialpando responded that tribal communities fit the definition of impacted communities with regards to social equity, however, tribal communities are left out of the discussion when it comes to helping communities that were negatively impacted in the War on Drugs. He added that even during the social equity subcommittee meeting that was held the day before, there was only one person who mentioned tribes during the whole meeting. He finished by stating that the Committee can help encourage the State to “engage, to provide a...workable pathway...for tribal participation”.

Mr. Levitan added that the most rural communities in California are where a lot of tribal communities are located. These communities have the highest unemployment and poverty rates along with serious drug and alcohol abuse issues. Allowing tribal communities to participate in

the legal cannabis marketplace would benefit both tribal and non-tribal communities alike because tribes will hire non-tribal members to work in their businesses. He suggested the Committee recommends to governor's office and the state legislature to negotiate with tribal communities and "find a way to agree on a cooperative way forward" with regard to tribal participation in the legal cannabis industry.

Committee Member Bulbulyan asked how social equity programs created on tribal land benefit social equity applicants and licensees in cities such as Los Angeles. **Mr. Levitan** responded that ideal system would allow any taxes from cultivation operations on tribal lands would be kept by the tribes while the taxes from the interactions with distributors, retailers, and manufacturers, would be kept by the State.

Committee Member Bulbulyan commented if tribes are allowed to participate in the cannabis industry without having to comply with the taxation and certain regulatory requirements that non-tribal businesses do, it would present the same issues that licensed businesses currently have competing with unlicensed operations. He added that it would be more streamlined to have the tribal authority fall under the licensing authorities since there is already an established regulatory structure for cannabis businesses operating in California.

Mr. Levitan responded that tribes are historic sovereigns and must be acknowledged and treated as such.

Committee Member Nicchitta asked if cannabis goods that were cultivated and manufactured on tribal lands would go through the same testing and regulations as non-tribal cannabis goods before they could be sold in retail shops. **Mr. Levitan** responded that was correct and that under Assembly Bill (AB) 924, tribal governments would ensure that any cannabis goods leaving tribal lands to be sold in retail shops met all the State's requirements before entering the cannabis market.

Committee Member Sweeney commented that the Committee should not get wrapped up in "particulars" when discussing the possibility of talks between tribal governments and the State. He added that while the Committee cannot make a motion or take action at this particular moment, it may be beneficial to recommend creating a subcommittee to discuss how to foster talks between the two governments.

Vice-Chair Todd thanked Mr. Vialpando and Mr. Levitan for their presentation and asked how and agreement between tribal lands and the State would look—would it be a separate agreement or would it be more like interstate commerce with non-cannabis goods coming in from other states?

Mr. Levitan responded that the tribes are not subject to state regulation or state statutes and added that AB 924 was meant to delegate authority to the governor of California to negotiate agreements between tribes and the State that did not remove the tribes' sovereignty. He stated that other legalized states—Oregon, Washington, and Nevada—all passed similar legislation delegating authority to their respective governors to create agreements between the states and tribal governments.

Vice Chair Todd asked if the three other states that have negotiated agreements with tribal governments have looked at the issue of the overall amount of cannabis being cultivated in their respective state and how much of that comes from tribal groups. **Mr. Levitan** responded that there is no limit on how much tribal groups can cultivate, but in those other states, cultivation is tracked on tribal lands the same way it is tracked for non-tribal businesses. He added that under AB 924, the tribes would voluntarily participate in the California Track-and-Trace System.

Committee Member Peck thanked Mr. Vialpando and Mr. Levitan for presenting and added

that she hopes their presentation has enlightened everyone and that there is a way for tribes and the State to come to an agreement so that every group has a chance to participate in the legal cannabis market.

Chair Ferro asked how tribes would handle dealing with the federal government since the government still has significant say on what happens on tribal lands and cannabis still being illegal under federal law.

Mr. Levitan responded that federal law supersedes state law as well as tribal law, so there is not much difference for tribes in terms of federal law. He added that the issue mostly comes down to the individual discretion of the U.S. Attorney's Offices to determine if something is an enforcement priority. **Mr. Vialpando** added that the Ilipay Nation of Santa Ysabel has not had any issues with any law enforcement agency, state, local, or federal since beginning their cannabis operations four years ago.

Committee Member Huffman thanked Mr. Vialpando and Mr. Levitan for their presentation and added that she knows there is a solution and she is supportive of whatever it is.

Chair Ferro called for a short recess at 11:50 AM. **Chair Ferro** called the Committee back into session at 12:05 PM.

Public Comment: 5 Comments

Christian Simmons: Mr. Simmons commented that taxes for transporting cannabis goods from tribal lands to a retail business should be placed on the dispensary, not on the tribe.

Arturo Flores: Mr. Flores commented that the federal legalization of cannabis is coming and the State should prepare for this by ensuring they meet the demands of the people inside the state, particularly tribes, before considering trade and commerce with other states.

Richard Alvarez: Mr. Alvarez commented that allowing tribes to participate in the legal cannabis market will benefit not just the tribes but neighboring communities as the tribal members will spend their income in the neighboring cities and towns.

Christina Marsh: Ms. Marsh thanked Mr. Vialpando and Mr. Levitan for presenting and added that it is wrong to require tribes to renounce their sovereignty in order to participate in the cannabis market since they were in this space first.

Jamel: Commented that the cannabis industry may be the last major industry that has an opportunity to set a precedence regarding interactions with tribal governments and that the state of California has an obligation to honor every community and every person that this plant [cannabis] affects.

4. Discussion and Possible Action to Approve, Modify, or Reject the Subcommittee on Testing Laboratories' Recommendations

Kristin Nevedal, Chair, Subcommittee on Testing Laboratories

Committee Member Nevedal presented the Testing Laboratory Subcommittee's recommendations to the Committee.

Recommendation #1: Advise the BCC and CDPH to develop statewide chemical standards and advise CDPH to consider cannabis laboratory capability to go along with standard development and for these agencies to share their plans with the industry and the Committee.

Recommendation #2: BCC in conjunction with CDPH, establish a working group, including cannabis lab licensees, subject matter experts, and other interested parties to review and develop consistent standards regarding items on the committee agenda.

Committee Comment: 12 Comments

Committee Member Leff commented that the subcommittee made this recommendation because they heard from a number of laboratories that there were no statewide standards for testing laboratories and that it is important for the State to provide uniform standard for all laboratories to follow.

Committee Member Wu commented that there were a lot of conflicting opinions and ideas within the testing laboratory industry and that this recommendation was made to offer some form of uniform standard that all laboratories can refer to.

Chair Ferro suggested the Committee vote on a motion to approve, reject, or modify both recommendations jointly instead of a separate vote for each.

Committee Member Nevedal commented that the subcommittee heard from public commenters that there needs to be more cooperation between testing laboratory licensees and the licensing authorities.

Committee Member Nicchitta requested clarification if the “items on the committee agenda” referred to the items listed on the subcommittee’s agenda for the June 27 meeting. **Committee Member Nevedal** responded that was correct.

Chair Ferro asked if there was a member who would like to make a motion to vote on the recommendations jointly.

Asst. Chief Counsel Colson commented that if the subcommittee envisioned a working group made up of committee members, it would be subject to Bagley-Keene requirements.

Committee Member Nevedal responded that the subcommittee did not envision a working group with committee members involved.

Committee Member Leff added that the idea of the working group was to get the testing laboratories to work together and to have that group work with the licensing authorities to develop uniform standards and practices.

Committee Member Nevedal motioned to combine the testing laboratory subcommittee’s recommendations #1 and #2 and approve both recommendations jointly. **Committee Member Yu** seconded the motion.

Chair Ferro called for a lunch recess at 12:21PM. **Chair Ferro** called the Committee back into session at 1:30PM. **Committee Member Dombrowski** left the meeting early.

Public Comment: 0 comments

Roll call was taken, the motion to approve the Testing Laboratory Subcommittee’s Recommendation #1 and Recommendation #2 passed on a 16-0 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak				✓	
Matt Clifford				✓	

Bill Dombrowski	✓
Jeff Ferro	✓
Kristin Heidelberg	✓
Eric Hirata	✓
Alice Huffman	✓
Catherine Jacobson	✓
Arnold Leff	✓
Kristin Lynch	✓
Kristin Nevedal	✓
Joe Nicchitta	✓
LaVonne Peck	✓
Matt Rahn	✓
Keith Stephenson	✓
James Sweeney	✓
Tamar Todd	✓
Helena Williams	✓
David Woolsey	✓
Ben Wu	✓
Beverly Yu	✓

5. Discussion and Possible Action to Approve, Modify, or Reject the Subcommittee on Delivery's Recommendations

Beverly Yu, Chair, Subcommittee on Delivery

Committee Member Yu presented the Delivery Subcommittee's recommendations to the Committee.

Recommendation #1: The Cannabis Advisory Committee support the current regulations on statewide delivery, with reasonable parameters of local control.

Committee Comments: 32 Comments

Committee Member Bulbulyan requested clarification on what the current position of the State is in regard to delivery. **Asst. Chief Counsel Colson** read section 5416(d) of the Bureau's regulations which provides, "The delivery employee may deliver to any jurisdiction within the state of California, provided that such delivery is conducted in compliance with all delivery provisions of this division."

Committee Member Nicchitta commented that the regulation allows businesses to deliver into jurisdictions that may have bans or restrictions on deliveries from outside the jurisdiction. He added that he supports the local governments' position on this regulation and asked that this

recommendation be voted on separately and not combined with any of the subcommittee's other recommendations. **Chair Ferro** responded that each of the delivery subcommittee's recommendations will be voted on separately.

Committee Member Yu commented that the subcommittee did hear public comment from attendees on behalf of local jurisdictions and tried to find a middle ground between local control and patient access.

Committee Member Woolsey asked if the "reasonable parameters" language in the recommendation meant that a ban on deliveries is not reasonable but other restrictions are and if local jurisdictions would still be allowed to enforce local control. He added that while a delivery business may not be in violation of state law, it could still be in violation of local regulation if the local jurisdiction has banned deliveries from businesses outside the jurisdiction.

Committee Member Heidelberg responded that the subcommittee's purpose behind this recommendation was that if a local jurisdiction allows alcohol to be delivered from outside its jurisdiction, or narcotics, or any other item, the same should be allowed for cannabis and cannabis goods.

Chair Ferro requested clarification on if the subcommittee was referring to patient access to medicinal cannabis and cannabis goods by delivery or delivery of cannabis goods (both adult-use and medicinal) in general. **Committee Member Yu** responded that the subcommittee discussed both components and that the recommendation was to make sure there is sufficient access for patients to get their medicine as well as for Californians who voted yes for Proposition 64 (Prop 64) to access adult-use cannabis.

Vice-Chair Todd requested clarification if the businesses would still be subject to rules and laws of the local jurisdictions that they deliver into. **Committee Member Yu** responded that would be correct.

Committee Member Williams commented that "reasonable" is not defined anywhere in the recommendation, which makes the recommendation very subjective. She suggested that there be a definition of "reasonable" within the regulations that would be standard so that different interpretations do not arise.

Committee Member Hirata commented it would be business owners' responsibility to make sure that they comply with both state and local laws. **Committee Member Yu** added that local jurisdictions have certain land use authorities that provide them local control over areas such as hours of operations, type of business, and location of businesses.

Committee Member Woolsey commented that this is a difficult issue because on the one hand, he supports local governments' ability to control what happens in their jurisdictions. On the other hand, lack of access is one of the driving forces behind the illicit markets. He thanked the subcommittee for bringing this discussion forward.

Committee Member Heidelberg commented that the subcommittee added the "reasonable" to prohibit local jurisdictions from creating regulations or laws that would make it impossible or difficult to access cannabis or cannabis goods.

Committee Member Stephenson commented that access should be allowed for every citizen that wants it and if local municipalities wish to restrict access, they cannot license commercial cannabis businesses, but should not determine what individuals do in the privacy of their homes.

Committee Member Wu asked if voting no on the recommendation means keeping the current

regulations as is which allows “unfettered access” and delivery anywhere in the state and if voting yes means to create a definition of “reasonable” for the purposes of local control.

Committee Member Heidelberg responded that since the Committee is advisory and does not have authority to make changes to regulations, this recommendation is to support the current regulations on delivery as written.

Chair Ferro commented that since there is no definition of “reasonable rules for local control” the recommendation as written would take away from the current delivery regulations because it would allow local jurisdictions to restrict delivery in some way while the current regulations clearly states businesses are allowed to deliver in any jurisdiction.

Committee Member Heidelberg responded that the recommendation can be amended to remove the “reasonable parameters” language. **Committee Member Yu** commented that she would be okay with that amendment as well.

Committee Member Nicchitta commented that his interpretation of the recommendation is that a vote yes means to support the current regulations as written with the notation that if the local jurisdiction has additional reasonable restrictions on delivery, that would be allowed. He added that a vote no, to him, means to not take any position, affirmative or negative, on the current regulations. He stated that he does not believe the current regulations prohibit local control.

Committee Member Heidelberg asked the other delivery subcommittee members if they recalled from the subcommittee meeting the day before hearing from a city representative that the city banned delivery of adult-use cannabis. **Committee Member Yu** confirmed that was correct. **Committee Member Heidelberg** stated that if a city can ban delivery in any way, that is not unfettered access.

Committee Member Yu motioned to amend the delivery subcommittee’s Recommendation #1 to remove “with reasonable parameters of local control” and move the recommendation forward.

Committee Member Heidelberg seconded the motion.

Committee Member Bulbulyan requested clarification on if a yes vote means supporting the current delivery regulations that a state licensed delivery business is allowed to deliver into other jurisdictions even if that jurisdiction has a ban on commercial cannabis activities. **Committee Member Yu** responded that was correct.

Vice-Chair Todd requested clarification if the existing regulations state that local jurisdictions cannot ban deliveries from outside their jurisdictions even if they only allow deliveries from businesses located in their jurisdictions. **Committee Member Yu** responded that was correct and added that at the August 20, 2018 advisory meeting, the Committee voted in support of this same regulation, so it is not something new that the Committee has not seen or discussed before.

Public Comment: 2 comments

Jamel: Commented that non-storefront retail delivery businesses are one of the lowest barriers of entry for entrepreneurs, specifically those from disenfranchised communities and it’s important to think about how regulations affect social equity licensees and applicants.

Luis Rivera: Mr. Rivera commented that there needs to be less regulation, not more, as heavy regulation is one of the biggest contributors to the illegal market.

Roll call was taken, the motion to approve the Delivery Subcommittee’s amended Recommendation #1 passed on a 14-1 vote. 1 member abstained.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak				✓	
Matt Clifford				✓	
Bill Dombrowski				✓	
Jeff Ferro	✓				
Kristin Heidelberg	✓				
Eric Hirata	✓				
Alice Huffman	✓				
Catherine Jacobson				✓	
Arnold Leff	✓				
Kristin Lynch				✓	
Kristin Nevedal	✓				
Joe Nicchitta		✓			
LaVonne Peck	✓				
Matt Rahn				✓	
Keith Stephenson	✓				
James Sweeney	✓				
Tamar Todd	✓				
Helena Williams			✓		
David Woolsey	✓				
Ben Wu	✓				
Beverly Yu	✓				

Recommendation #2: Remove the address from the delivery request receipt for non-storefront retailers, specifically to strike the term “address” from Section 5420(a)(1) of the Bureau’s regulations.

Committee Comment: 2 Comments

Committee Member Nevedal motioned for the Committee to approve the delivery subcommittee’s Recommendation #2. **Committee Member Leff** seconded the motion.

Public Comment: 0 Comments

Roll call was taken, the motion to approve the Delivery Subcommittee’s Recommendation #2 passed on a 13-2 vote. 1 member abstained.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak				✓	
Matt Clifford				✓	
Bill Dombrowski				✓	
Jeff Ferro		✓			
Kristin Heidelberg	✓				
Eric Hirata	✓				
Alice Huffman	✓				
Catherine Jacobson				✓	
Arnold Leff	✓				
Kristin Lynch				✓	
Kristin Nevedal	✓				
Joe Nicchitta	✓				
LaVonne Peck	✓				
Matt Rahn				✓	
Keith Stephenson	✓				
James Sweeney	✓				
Tamar Todd			✓		
Helena Williams		✓			
David Woolsey	✓				
Ben Wu	✓				
Beverly Yu	✓				

Recommendation #3: Support the 10:00PM cutoff with the active order that sales transaction must be made before the 10:00PM cutoff but allow local jurisdictions to implement reasonable cutoffs.

Committee Comment: 4 Comments

Committee Member Wu requested clarification on the term “reasonable” in the recommendation.

Committee Member Yu responded that that she is open to amending the recommendation to “Support the 10:00PM cutoff with the active order that sales transactions must be made before the 10:00PM cutoff.”

Committee Member Nevedal motioned for the Committee to approve the amended recommendation. **Committee Member Bulbulyan** seconded the motion.

Public Comment: 1 Comment

Public Commenter: Commented that the earlier the legal market is forced to close; the more support rises for the illicit market.

Roll call was taken, the motion to approve the Delivery Subcommittee's Recommendation #3 passed on a 16-0 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak				✓	
Matt Clifford				✓	
Bill Dombrowski				✓	
Jeff Ferro	✓				
Kristin Heidelberg	✓				
Eric Hirata	✓				
Alice Huffman	✓				
Catherine Jacobson				✓	
Arnold Leff	✓				
Kristin Lynch				✓	
Kristin Nevedal	✓				
Joe Nicchitta	✓				
LaVonne Peck	✓				
Matt Rahn				✓	
Keith Stephenson	✓				
James Sweeney	✓				
Tamar Todd	✓				
Helena Williams	✓				
David Woolsey	✓				
Ben Wu	✓				
Beverly Yu	✓				

6. Discussion and Possible Action to Approve, Modify, or Reject the Subcommittee on Social Equity's Recommendations

James Sweeney, Chair, Subcommittee on Social Equity

Committee Member Sweeney presented the Social Equity Subcommittee's recommendations to the Committee.

Recommendation #1: Licensing authorities collect and provide demographic data on applicants and licensees to the Committee and public, to the extent provided by law, including ownership and employee demographic data.

Committee Comment: 8 Comments

Committee Member Sweeney motioned to approve the recommendation. **Committee Member Huffman** seconded the motion.

Committee Member Nicchitta asked if the State collects this type of demographic data in their license application processes. **Asst. Chief Counsel Colson** responded that the State does not.

Committee Member Sweeney commented that was the reason for this recommendation and that collecting this data would allow the Committee to better inform public policy.

Committee Member Nevedal asked commented that since the State does not currently gather this information and licensees are not required to provide this information, the recommendation may require technological changes to the licensing authorities' application as well as an additional requirement for licensees to continuously update their staffing records. She added that she is unsure how the costs to licensing authorities to apply these changes to their applications and online portals will trickle back down on the licensees with increased fees.

Chair Ferro commented that he was under the impression that this data would be collected on social equity applicants and licensees for the purposes of making sure those groups identified as social equity communities are participating in the legal cannabis industry. He added that he did not believe the data would be collected for non-social equity applicants and licensees.

Vice-Chair Todd commented that her interpretation of the recommendation was to get a better understanding of the ownership and employment data in the legal cannabis industry to determine the success of local equity programs that are currently operating. She added that she does not believe the recommendation determines how the licensing authorities collect the data.

Public Comment: 2 Comments

Yvonne: Commented that is important that this demographic data be gathered because it may show that a lot of the businesses are not owned by members from disenfranchised groups or that the businesses do not employ individuals from the communities where these businesses are located.

Public Commenter: Commented that the Committee should be mindful to not rely on the six federal categorizations of race and two categorizations of gender as there are more disenfranchised groups than that who should be considered under the umbrella of social equity.

Additional Committee Comment: 3 Comments

Chair Ferro asked if the State has broader guidelines than the federal government in relation to protected classes and if the licensing authorities follow the state guidelines or federal guidelines if they were to collect this data. **Asst. Chief Counsel Colson** responded that the licensing authorities would typically follow the State's requirements.

Committee Member Nicchitta commented it would be beneficial to have an organization collect and analyze the data versus the State just collecting numbers that may not convey the nuances that can arise from the demographic data collected.

Roll call was taken, the motion to approve the Social Equity Subcommittee's Recommendation #1 passed on a 16-0 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak				✓	
Matt Clifford				✓	
Bill Dombrowski				✓	
Jeff Ferro	✓				
Kristin Heidelberg	✓				
Eric Hirata	✓				
Alice Huffman	✓				
Catherine Jacobson				✓	
Arnold Leff	✓				
Kristin Lynch				✓	
Kristin Nevedal	✓				
Joe Nicchitta	✓				
LaVonne Peck	✓				
Matt Rahn				✓	
Keith Stephenson	✓				
James Sweeney	✓				
Tamar Todd	✓				
Helena Williams	✓				
David Woolsey	✓				
Ben Wu	✓				
Beverly Yu	✓				

Recommendation #2: The Bureau, in conjunction with the other state agencies, form a statewide social equity program that seeks to collect data and develop criteria, from social equity applicants and local social equity programs. Audit and enforce the local equity programs, make recommendations to the legislative body and other regulatory bodies, including recommendations regarding financial support such as fee deferments, loans, and other financial support regarding level of funding for the social equity program. Provide technical assistance and solicit input from communities most impacted by the war on drugs, including priority processing, workforce development, and educational opportunities. In addition, funds should also be used to help with legal assistance for past cannabis convictions.

Committee Comments: 8 Comments

Committee Member Nicchitta suggested adding to the recommendation that the State consider tax rebates for social equity applicants. **Committee Member Sweeney** motioned to amend the recommendation to include tax rebates for social equity applicants. **Chair Ferro** seconded the

motion.

Vice-Chair Todd requested clarification if tax rebates would be under the purview of the legislature. **Asst. Chief Counsel Colson** responded that some of the aspects of the recommendation would have to be changed at the legislature but also clarified that certain taxes such as the excise tax and cultivation tax, were created by Proposition 64, and to change that would require legislative action.

Vice-Chair Todd suggested amending the recommendation to state “make recommendations to the legislative body and other regulatory bodies regarding level of funding for social equity programs, including tax rebates for social equity applicants.”

Committee Member Sweeney commented that the language is permissive and not mandatory and warned the Committee to not get too technical in the wording.

Committee Member Nicchitta commented that he has attended legislative committee meetings and noted that the authors of proposed cannabis bills did refer to discussions and recommendations that the Committee has put forward. He added that it is still important for the Committee to send recommendations to the legislature as well as to the regulatory authorities.

Public Comments: 12 Comments

Kathy Smith: Ms. Smith commented that the recommendations and ideas the Committee is putting forth are great, but if the local jurisdictions do not enforce it, then it won't happen unless the State steps in and creates a program.

Public Commenter: Expressed support for the recommendation and urged the Committee to continue making recommendations that encourage transparency and more resources for social equity candidates.

Aasf Moses Sobers: Mr. Sobers commented that he has been affected by the War on Drugs and that it is important that individuals such as himself have an opportunity to participate in the new legal market.

Janet Sobers: Ms. Sobers expressed support for the recommendation and added that social equity programs provide a future to those most impacted by the War on Drugs.

Jamel: Commented that there needs to be cooperation between the public, the government, and social equity activists in the cannabis industry to truly make social equity programs work.

Public Commenter: Expressed concern that the recommendation and the discussion surrounding social equity does not include tribal communities.

Lisa: Commented that there needs to be more data collected regarding issues in dependency courts and the use of cannabis by minors for medicinal reasons.

Luis Rivera: Mr. Rivera commented that the income guidelines used to determine social equity applicants should be considered at the time of the individuals arrest or conviction because if someone is able to better themselves, they would now not be considered under the area of social equity even though they were a victim of the War on Drugs. He added that he believed anyone who has been arrested, charged, or convicted of a cannabis crime in California should get an automatic license.

Hassan: Commented that it is everyone's responsibility – the State, local jurisdictions, and the public – to come together in order to create social equity programs that will help disenfranchised groups. He added that there needs to be more oversight on some of the social equity incubators because the contracts and agreements that they present to social equity applicants are predatory

and applicants do not have the resources or knowledge to analyze these contracts.

Mustafa: Commented that the criminal records need to be expunged and that social equity applicants need decent contracts, not predatory ones.

Nicky McKinney: Ms. McKinney commented that communities and families need a commitment from the State to prioritize youth and families and allocate funds and resources to help communities disproportionately affected by the War on Drugs.

George: Commented that as a veteran, cannabis helped him when he returned home and it's important that veterans have access to cannabis as a way to alleviate problems and illnesses associated with serving in the military.

Additional Committee Comment: 4 Comments

Chair Ferro asked for the final amended motion to be read again. The amended motion was read as follows:

“The Bureau, in conjunction with other state agencies, form a statewide social equity program that seeks to collect data and develop a criterion for social equity applicants and local social equity programs. Audit and enforce local equity programs, make recommendations to the legislative body and other regulatory bodies regarding level of funding for the social equity programs, including tax rebates for social equity applicants, financial support such as fee deferrals, loans, and other financial support. Provide technical assistance and solicit input from communities most impacted by the War on Drugs. Include priority processing for social equity applicants, focus on workforce development, and educational opportunities. Additionally, funds should be used to help with legal assistance with past cannabis convictions.”

Committee Member Yu asked if an equity applicant must have a local license or permit to obtain a state cannabis license. **Asst. Chief Counsel Colson** responded that for temporary licenses that were issued, an applicant needed authorization from the local jurisdiction to conduct commercial cannabis activities. For annual licenses, the State cannot issue a license if doing so would be in violation of a local jurisdiction's ordinance. She clarified that these rules applied to all applicants – not just equity applicants.

Committee Member Yu commented that seventy-six percent of local jurisdictions do not allow retail businesses to operate in their jurisdictions so it's important to research not just how many licenses have been issued but how many are issued to social equity applicants.

Roll call was taken, the motion to approve the Social Equity Subcommittee's amended Recommendation #2 passed on a 16-0 vote.

NAME	YEA	NAY	ABSTAIN	ABSENT	RECUSAL
Avis Bulbulyan	✓				
Timmen Cermak				✓	
Matt Clifford				✓	
Bill Dombrowski				✓	

Jeff Ferro	✓	
Kristin Heidelberg	✓	
Eric Hirata	✓	
Alice Huffman	✓	
Catherine Jacobson		✓
Arnold Leff	✓	
Kristin Lynch		✓
Kristin Nevedal	✓	
Joe Nicchitta	✓	
LaVonne Peck	✓	
Matt Rahn		✓
Keith Stephenson	✓	
James Sweeney	✓	
Tamar Todd	✓	
Helena Williams	✓	
David Woolsey	✓	
Ben Wu	✓	
Beverly Yu	✓	

7. Review of Licensing Authorities' Statistical Update

The Committee reviewed a statistical update from the licensing authorities.

Committee Comment: 2 Comments

Committee Member Nicchitta asked if the batches of cannabis goods that failed testing due to label claims were failed because of misinformation or because the label did not match the product in the package.

Bureau Chief Ajax responded that was correct, a cannabis product is sent to a testing laboratory with the package and label already placed by a manufacturer. If the contents from the test results do not match the label, the product would fail testing and need to be sent back to the manufacturer because distributors at the time were not able to change the label in these situations. She added that the Bureau, after working with CDPH, changed its regular regulations to allow distributors to relabel cannabis goods if the cannabinoid content on the label does not match results from the testing laboratory.

8. Public Comment on Items Not on the Agenda

Public Comment: 3 Comments

Public Commenter: Commented that cannabis lounges should be allowed.

Kathy Smith: Ms. Smith commented that the Bureau needs a more hands on approach when

dealing with conflicting regulations between the State and local jurisdictions.

Richard Almarez: Sgt. Almarez commented that there needs to be less restrictions on cannabis use and consumption.

9. Discussion on Future Agenda Items and Possible Action on Creating Next Meeting's Agenda

Committee Comment: 17 Comments

Committee Member Leff suggested that the Bureau or CDPH report to the Committee how they will assure quality and decrease variability in the cannabis testing industry. He also suggested adding a discussion on allowing cannabis lounges.

Chair Ferro commented that cannabis lounges are allowed, but they cannot sell non-cannabis goods per regulations. **Committee Member Leff** responded that a lounge or café that cannot sell food or beverage is not a lounge.

Committee Member Bulbulyan suggested continuing discussion on tribal communities' involvement in the cannabis industry.

Committee Member Sweeney agreed with **Committee Member Bulbulyan** and suggested creating a subcommittee to discuss this topic.

Committee Member Huffman suggested an agenda item on veterans. **Committee Member Leff** agreed with **Committee Member Huffman's** suggestion and added that a big issue is getting the Veterans Administration to be allowed to recommend cannabis as medicine to veterans, which would require federal government intervention.

Chair Ferro solicited interest for potential future subcommittees. Members stated which subcommittees they would be interested in serving on.

Vice-Chair Todd reminded the Committee that they approved to reconvene the enforcement and public safety subcommittee at the March 27, 2019 advisory meeting.

Committee Member Bulbulyan asked when and where the next advisory meeting would take place. **Chair Ferro** responded that the logistics of the next meeting were in progress.

Committee Member Williams suggested combining the public health and youth subcommittee with the veterans subcommittee. **Chair Ferro** responded that was possible.

Committee Member Bulbulyan asked if the subcommittees will be meeting at the next advisory meeting or at another time. **Chair Ferro** responded that the subcommittees could meet the day before the advisory meeting, similar to this meeting, or a separate meeting can be organized. He added he will work with Bureau staff on each option.

Committee Member Nevedal suggested having an informational presentation by a representative of the Legislative Analyst's Office (LAO) to present on LAO's tax report so the Committee can make recommendations on future tax programs.

Committee Member Williams referred back to her suggestion to combine the veterans subcommittee with the public health and youth subcommittee and explained that the issue of cannabis use by veterans is a public health issue and fits more under that subcommittee's scope.

Public Comment: 1 Comment

Public Commenter: Expressed concern with **Committee Member Williams'** suggestion to combine the veterans subcommittee with the public health and youth subcommittee and added

that while it is a public health issue, the two areas are too different and should be discussed in separate environments.

Adjournment: 3:23 PM