



Open Session Meeting Minutes

Monday, October 17, 2018
9:00 – 12:00 pm

State Personnel Board Building – 1st Floor Auditorium
801 Capitol Mall, Sacramento, CA 95814

Members present:

- Sabrina Ashjian, Chair
- Diandra Bremond
- Adrian Carpenter
- Sharon-Frances Moore

Staff present:

- Anne Hawley, Executive Director, Cannabis Control Appeals Panel
- Christopher Phillips, Chief Counsel, Cannabis Control Appeals Panel
- Cassandra DiBenedetto, Administrative Assistant, Cannabis Control Appeals Panel
- Catherine Ohaegbu, Assistant Director, Business, Consumer Services and Housing Agency

Presenters

- Lori Ajax, Bureau of Cannabis Control
- Richard Parrot, California Department of Food and Agriculture
- Miren Klein, California Department of Public Health

Public present:

- Sonya Logman, Business, Consumer Services and Housing Agency
- Tamara Colson, Bureau of Cannabis Control
- John Halligan, California Department of Food and Agriculture
- Melissa Eidson, California Department of Food and Agriculture
- Lindsay Herrick, California Department of Food and Agriculture
- Richard Dorsett, Private Company

Summary:

1. Chair Sabrina Ashjian, called the meeting to order at 9:01 a.m. Catherine Ohaegbu provided the roll call. Panel members Sabrina Ashjian, Diandra Bremond, Adrian Carpenter, Sharon-Frances Moore were present. Quorum was established.
2. Panel Member Sharon-Frances Moore from San Diego County, gave a brief introduction and an overview of her background. She stated that she looks forward to working on the Panel.

3. **Motion: (Bremond): Approve the minutes of the August 13, 2018 Panel Meeting as submitted. Second: Carpenter. Motion passed 3-0, Moore abstained.**
4. Ashjian recommended to move Agenda Item #4, the Executive Director's Report, to after the informational presentations of the state cannabis licensing entities.

Lori Ajax, Chief, Bureau of Cannabis Control (BCC), gave an informational presentation about the responsibilities and licensing framework of the Bureau. The BCC is responsible for developing regulations, issuing licenses, and enforcement action for cannabis distributors, retailers, microbusinesses, testing laboratories, and temporary cannabis events.

Richard Parrot, Director of the CalCannabis Cultivation Licensing Division, California Department of Food and Agriculture (CDFA), gave an informational presentation about the responsibilities and licensing framework within the CDFA. The CalCannabis Cultivation Licensing Division issues licenses for cannabis cultivators, develops regulations for cultivation, implements the track and trace system, inspects premises, and issues enforcement actions.

Miren Klein, Assistant Deputy Director of the Manufactured Cannabis Safety Branch, California Department of Public Health (CDPH), gave an informational presentation about the responsibilities and the licensing framework within the CDPH. Manufactured Cannabis Safety Branch is responsible for developing regulations, licensing, and enforcement actions for cannabis manufacturing.

Bremond asked if there is a goal for the percentage of licensees to inspect? Klein stated that CDPH's goal is to inspect all licensees and that they are trying to meet that goal by hiring and training staff. Parrot stated a similar goal for CDFA and that their goal is to be there for inspections during harvest for the implementation of the track and trace system. Ajax stated that the Bureau of Cannabis Control's goal is to do thorough site inspections and in-depth license checks.

Carpenter asked about steps to remediate label claims and how many chances do licensees have to be compliant. Ajax stated that licensees have one chance, but the BCC works with licensees to ensure compliance. Once labs have completed their testing, they will compare the ingredients on the label with the test results. Klein stated that it depends on the test results as to whether remediation claims go to CDPH. If the product is within the Tetrahydrocannabinol (THC) limit, then the lab does not need a remediation plan, and if it is above the THC limit, then a remediation plan is required.

Bremond asked about the application and fee structure of the BCC. Ajax replied that it is based on the dollar value of a prospective licensees' planned operation in terms of the value of the product.

The BCC is in the process of making changes to the fee schedule in its new regulations.

Moore asked about the state's track and trace system. What is the access and processing time for temporary track and trace licenses? Parrot replied that individuals/companies who have temporary licenses receive a notice and they have a certain number of days to upload data into system after tagging products.

Bremond asked about the processing time for temporary license applications. Ajax replied that they must notify local licensing authorities, who have 10 days to respond. The process is typically 14 days in duration. Parrott replied that local authorities have 10 days to respond and a temporary license is required to submit a plan. Currently, the processing time is 3 weeks in duration with the goal to shorten it to 2 weeks. Klein replied that the processing time is approximately 2 weeks.

Ashjian asked how the BCC is providing oversight of delivery by non-store front retailers. Ajax replied that currently, retailers can deliver throughout the state, but monitoring and enforcement is ongoing.

Carpenter asked about non-storefront transportation and what is the process for delivery. Ajax replied that transportation is between licensees and the patient and that an employee of the licensee must do the deliveries. The employee is required to have a driver's license, employee badge and an inventory list.

Carpenter asked about Type-S licenses and the range in prices. Klein replied that the annual application is half the cost of the temporary licenses and that the license fees are based on gross revenues.

Carpenter asked if there are restrictions on Type-S licenses, Klein replied that there are no restrictions, but determinations will be made during the application's review. During the application process, the applicant must provide a diagram of the facility.

Bremond asked if licensee fees are based on projected revenue? Klein replied "yes" in the first year, but after the first year, the licensee must submit tax returns.

Carpenter asked about microbusinesses and what is the feedback in certain jurisdictions? Ajax replied that some local jurisdictions are still assessing the situation. BCC's goal is to educate the local licensing entities and to continue to assess feedback received.

No public comment.

5. Anne Hawley, Executive Director, Cannabis Control Appeals Panel, provided an executive management report to the Panel Members. Hawley expressed gratitude to the Panel Members for her appointment to serve as Executive Director and thanked Secretary Alexis Podesta and the staff of the Business, Consumer Services and Housing Agency for assistance. It is a priority to ensure that the process is fair and transparent for all who come before the Panel.

Personnel: The Attorney III positions were posted, and the positions will be reposted the first week of November. The duty statement for the Associate Governmental Program Analyst has been sent to the Human Resources Unit, Department of General Services for review.

Budget/Accounting: Hawley will provide a year-end report for FY 2017-18 for the Panel Meeting scheduled for November 2018.

Purchasing Authority: Hawley met with the Procurement Unit of the Department of General Services (DGS) on securing the purchasing authority for CCAP. Hawley has submitted the application and anticipates approval by November.

Facilities: The move-in date into the new CCAP office is targeted for Spring 2019.

Procurement: Hawley stated that CCAP is looking at purchasing ProLaw software, which is a case tracking system. This procurement may require the Panel's approval if the cost is above \$10,000.

Future Meetings: Hawley is reaching out to prospective speakers to provide informational presentations on the California Environmental Quality Act (CEQA) and social equity programs in California. Hawley will present a mid-year budget report for FY 2018-19 at either the December or January 2019 meetings.

Other: The Business, Consumer Services and Housing Agency is working on scheduling tours of various licensing entities soon for Panel Members.

No questions from the panel. No questions from audience.

6. Chief Counsel Christopher Phillips provided an overview of the proposed regulations to establish the Panel's procedures and timelines. Phillips expressed gratitude to the Panel Members and Business, Consumer Services and Housing Agency for their assistance.

The 45-day public comment period ended on 10/15/2018. The Panel can vote to move forward with the originally proposed text or approve the modified text as proposed by staff. CCAP received 4 public comments: (3) were not germane and only (1) comment was germane. Ashjian proposed to ask questions in general versus item-by-item descriptions of the proposed modifications. No questions from the panel members.

Phillips explained that the most recent public comment received stated that the regulations were supposed to be based on the Alcoholic Beverage Control Appeals Board's regulations. Phillips explained that the comments were a little misguided as they came from an Alcoholic Beverage Control Appeals Board's prospective. The Panel hearings are not governed by the Administrative Procedure Act (APA) and the comments urged the Panel to conform to APA guidelines, which are not applicable.

Phillips presented 3 options: 1) keep the approved text from the August meeting and staff will prepare necessary documents to file with the Office of Administrative Law (OAL); 2) approve the proposed staff edits to the text and initiate the 15-day public comment period; or, 3) approve and adopt the text as-is if no public comments are received during the 15-day public comment.

Motion (Moore): Approve the proposed regulation text as submitted in the staff report and initiate the 15-day public comment period and adopt the proposed regulation text on the condition that no public comment is received. Bremond seconded. Motion passed 4-0.

7. Hawley requested that the Panel delegate administrative authority to the Executive Director. The goal of the delegation is to ensure that the day-to-day operations are efficiently managed. The Panel Members will approve purchases that are above \$10,000.

Motion (Moore): Approve the action on administrative delegation authority to the Executive Director as recommended in the staff report. Carpenter seconded.

Moore had a question regarding contracts. Hawley stated that anything above \$10,000 would have a contract with the vendor. Moore motioned to amend the motion to add the word "contracts."

Motion (Moore): Approve the action on administrative delegation authority to the Executive Director as recommended in the staff report with additional amendment on any single item or contract. Bremond seconded. Motion passed 4-0.

8. Ashjian outlined a possible meeting schedule for the Panel.

Motion (Bremond): Approve to hold the 3rd Wednesday of each month, starting in January 2019 and ending in December 2019 for CCAP meetings. Moore seconded. Motion passed 4-0.

9. The public did not request to comment on items not on the agenda.
10. Future agenda items. No comments on future agenda items
11. **Motion (Bremond): Adjourn the meeting. Carpenter seconded.**
Meeting adjourned at 10:55 am.