

CANNABIS CONTROL COMMISSION

**June 19, 2020
10:00AM**

Remote Participation via Microsoft Teams Live

PUBLIC MEETING MINUTES

Documents:

- Licensing Materials for Hidden Hemlock, LLC (#MBN281355), Microbusiness
- Policy discussion handouts relating to:
 - Leadership Rating
 - Receivership and Change of Control
 - Ownership and Control
 - Expanding Social Equity Program to Other Categories Social Equity Program for EEAS ME/MTC Agent Registration
 - Research Licenses
 - Delivery
 - Additional Retail Operations - Contactless Retail Operations Vaping Regs
 - Testing
 - Economic Empowerment Applicants
 - Issue 1 - Economic Empowerment Priority Applicants
 - Issue 2 - Economic Empowerment Priority Applicants
 - Issue 3 - Economic Empowerment Priority Applicants
 - Issue 4 - Economic Empowerment Priority Applicants
 - Issue 5 - Economic Empowerment Priority Applicants
 - Issue 6 - Economic Empowerment Priority Applicants
 - SEP - Equity Ownership Threshold for Social Equity Program Participants to Receive License Benefits
 - Buffer Zone
 - Flexibility to Expand Delivery-Only Licenses and Delivery Endorsements
 - Verified Financial Hardship Documentation
 - Personnel Policy – Require Code of Ethics and Whistleblower Policy



In Attendance:

- Chairman Steven Hoffman
- Commissioner Jennifer Flanagan
- Commissioner Britte McBride
- Commissioner Shaleen Title

Minutes:

1) Call to Order

- The Chairman called the meeting to order and recognized a quorum.

2) Chairman's Comments and Updates

- The Chairman made a statement in recognition of Juneteenth.
- The Chairman gave an overview of the agenda.

3) Staff Recommendations on Provisional Licenses

- Hidden Hemlock, LLC (#MBN281355), Microbusiness
- Director Potvin presented the Staff Recommendation for provisional license.
- Commissioner Title requested a condition.
 - Proposed condition: Revise diversity plan goal to hire at least 10% of staff who are minorities, women, veterans, and other groups to be objectively reasonable.
- The Chairman asked for additional questions and comments.
- Commissioner Title made a motion to approve the provisional license, subject to the condition requested by Commissioner Title.
- Commissioner McBride seconded the motion.
- The Commission unanimously approved the provisional license.

4) Regulatory Policy Discussion

- The Chairman gave an overview of the ongoing regulatory review process and the context and lay out for the discussion being held at this meeting.
- The chairman thanked the staff, in particular Pauline Nguyen, Deputy General Counsel, for their work on the regulations so far.
- The Chairman highlighted that these topics do not represent the full suite of revisions being considered in the regulatory review process.
- The Chairman also gave an overview of the regulatory amendment process under the Administrative Procedure Act.



- The Chairman noted that there would be a long break between regulatory review after this round before the Commission would revise regulations again.
- a. Leadership Ratings – 14:50
- The Chairman introduced the topic.
 - Commissioner Title suggested that an exemplary Diversity Plan or Positive Impact Plan can be a criterion for this Award.
 - Commissioner McBride suggested additional criteria for each award and a new category.
 - Social justice leadership award: licensees who are engaged in activities that will make the difference, e.g., the licensee can show that a majority of employees are people with a past conviction for a marijuana offense”
 - Commissioner McBride supported the addition support of Massachusetts based businesses under Local Employment Leader.
 - A supermajority of the work force are minorities, veterans, women, LGBTQ+.
 - Commissioner Title supported Commissioner McBride’s suggestions.
 - Commissioner Flanagan suggested that a community involvement criterion could be helpful.
 - The Chairman supported Commissioner Flanagan’s suggestion
 - The Chairman noted that these categories only exist in adult right now and noted the suggestion that these awards be carried into medical-use and creating a medical specific category.
 - The Executive Director noted the ability of the staff to make these evaluations.
- b. Receivership and Change of Control - 35:15
- The Chairman gave an overview of the topics.
 - Commissioner McBride noted that it makes sense to have an approved list but raised questions about control, given the temporary nature of a receiver’s appointment.
 - Commissioner McBride also noted that Receivers need to be approved by a court.
 - Commissioner Title asked why pre-approval would be needed.
 - The Chairman noted that preapproval would be a mechanism to allow expediency.
- c. Ownership and Control - 41:46
- The Chairman gave an overview of the topic.
 - Commissioner McBride asked where the \$10,000 number came from for “significant contract,” noting that it seems a little low.
 - Commissioner McBride also noted that the delegation to the Executive Director makes sense for the sake of efficiency, pending a review of the actual language.



- Commissioner Title asked if the delegation is made that all materials are published for transparency sake.
 - For a new equity owner (criteria 2 and 3) Commissioner Title confirmed that a current owner who is increasing or decreasing their ownership, would not be included.
 - Commissioner Title wanted to be sure that larger transactions couldn't be put into smaller transactions to avoid the \$10,000 threshold under the Definition for Control
- d. Expanding Social Equity Program to Other Categories – 47:25
- The Chairman gave an overview of the topic.
 - Commissioner Flanagan wants to allow the Disproportionate Impact Study to be completed before the Commission decides on who should be included.
 - Commissioner Title supported Commissioner Flanagan's remarks asking that any expansion of the SEP be driven by data and noting that it is early in the process to start expanding categories.
- e. Social Equity Program for EEAS - 54:15
- The Chairman gave an overview of the topic.
 - Commission Title expressed support for this topic.
 - Commissioner McBride and Flanagan supported this idea.
- f. ME/MTC Agent Registration - 58:00
- Deputy General Counsel Nguyen gave an overview of the topic.
 - Commissioner Flanagan noted that the goal was to make this easier but also provide sufficient oversight.
 - Commissioner McBride wanted to ensure it is clear that requirements for agents are ongoing.
 - Commissioner Title suggested that to promote equity, there may be a third option for "free agents" for SEP program folks in the job track that would give those folks an agent fee waiver and help those folks through the background check and connect them with hiring.
 - The Executive Director noted that there is a lot of complaints for the physical card printing aspect of agent registration. That is not something the Commission may be able to get rid of, but not there yet.

The Commission took a 10 minute break.

- g. Research Licenses – 1:27:47
- Commissioner McBride gave an overview of the topic.
 - Commissioners Flanagan and Title generally supported the approach



- The Chairman also supported this.
- h. Delivery - 1:34:00
- Commissioner McBride gave an overview of the topic.
 - The Chairman asked whether accessories and branded goods have to be sourced from the Retailer or could be resourced elsewhere.
 - Commissioner McBride said they did not have to be.
 - Commissioner Title clarified whether a Microbusiness could have each a Delivery Endorsement and Delivery License and proposed that a microbusiness be allowed to have both.
 - Commissioner Title said that she is concerned about the financial viability of these businesses, even with these steps and expressed hope that through public comment the Commission can consider other possible changes to make sure these businesses are more viable.
 - Commissioner Flanagan expressed her general concern about delivery and discussed the idea of a subscription box and asked for more information about the definition of “Branded Goods”
 - Commissioner McBride said it is currently limited to non-edible items, but in terms of Branded goods it is more like T-shirts.
 - Chairman asked for Commissioner Flanagan to discuss what a subscription box would look like and if she needed additional language.
 - Commissioner Flanagan gave examples and suggested that boxes with a marijuana component would not be allowed under our current regs.
 - Commissioner McBride said that she wanted to draft regulations that work for everyone and not just for one type of entity.
 - Commissioner Flanagan agreed.
 - Commissioner Title asked for a temperature check on whether microbusinesses to have a delivery license.
 - Generally, Commissioners did not have an issue, but Commissioner McBride noted that she envisioned microbusinesses to be too small to have a delivery only.
- i. Additional Retail Operations - Contactless Retail Operations – 1:49:10
- Commissioner McBride gave an overview of the topic.
 - Commissioner Flanagan generally supported the changes, echoing the concern that certain types of contactless delivery might impact jobs, so licensees need to know that this is not a way to lessen efforts to create jobs for certain communities.
 - The Chairman echoed this concern.
 - Commissioner McBride noted that a registered agent must still fulfill the order.
 - Generally, the Commission supported this.



- j. Vaping - 1:54:07
 - Commissioner McBride introduced the topic.
 - Commissioners generally agreed with the approach.

- k. Testing – 2:03:00
 - Commissioner McBride gave an overview of the topic.
 - Commissioner Flanagan supported the approach.
 - Commissioner Title asked whether consumers would be able to see if a product was remediated and retested?
 - Commissioner McBride stated that the current draft requires that dates of testing would be included on the label, so that a consumer knows how many times something has been tested and make necessary conclusions.
 - Commissioner Title said this made sense to her.
 - Commissioner Title asked with respect to adding pesticides, if it makes sense to do random pesticide testing, if the list of pesticides gets too long.
 - Commissioner McBride said that there should not be any pesticides, so if the testing is going to be randomized, the concern is that there is not a firm enough message about the proscription against pesticides.
 - Commissioner Flanagan said she generally accepted it and anticipated a lot of feedback.
 - The Chairman asked about the 2-3 month phase-in of these requirements and whether labs have given input about how that phase-in will work.
 - Commissioner McBride said that labs have not had a chance to comment yet and these requirements were developed based on the knowledge of Commission investigators.

The Commission took a lunch break.

- 1. Economic Empowerment Applicants -3:00:00
 - The Chairman gave an overarching overview of the topics relating to Economic Empowerment Priority Applicants.
- 1. Issue 1 - Economic Empowerment Priority Applicants
 - Commissioner Title said that there needs to be an equity based criteria at play in order to maintain EEA status.
 - Commissioner Flanagan also agreed with that.
 - Commissioner McBride also agreed that the equity based criteria should be required.
- 2. Issue 2 - Economic Empowerment Priority Applicants
 - The Chairman gave an overview of the topic.
 - Commissioner McBride stated a preference that the threshold stay at 51%.



- Commissioner Flanagan agreed with that.
 - Commissioner Title said she is ok with it going to 33% as long as the EEA retain control and had some safeguards in place, and this would be in line with the goal.
 - The Chairman shared that he agreed with Commissioner Title.
 - The Chairman noted that there is a tie essentially and a tie has the effect of a vote down.
 - Commissioner Title said that she is comfortable with it staying at 51%, given the tie and allow for public comment.
 - Commissioner McBride agreed that comment would be helpful and her preference to not drop the equity threshold down to 33% ownership to promote those communities as much as possible.
 - Commissioner Flanagan said that public comment is crucial.
 - Commissioner Title also noted that the ideal situation is that we stick with 51% ownership and create other opportunities to entry.
 - Ultimate decision to keep it at 51% but invite public comment.
3. Issue 3 - Economic Empowerment Priority Applicants
- The Chairman gave an overview of the topic.
 - The Commissioners all agreed that EEA benefits are all or nothing, and an EEA Applicant would lose all benefits if they lose their EEA Status.
4. Issue 4 - Economic Empowerment Priority Applicants
- The Chairman gave an overview of the topic.
 - Commissioner Title expressed the importance of knowing this information and keeping track of entities not maintaining the status.
 - Commissioner McBride supported doing this by vote rather than through regulations but supports the production of the information.
 - Commissioner Flanagan said that she supports the need for information, but not sure it is needed for every meeting, but thinks that option B is the right way to go.
 - The Executive Director noted that his information is maintained and he acknowledged the importance of this information and the importance of transparency, but expressed concern about having two tier system of information with (1) those in the regulations and (2) those not in the regulations, so prefers to not have it go in the regulations.
 - Commissioner Title moved to require staff to produce a list of current and lapsed EEAs at each meeting.
 - Commissioner Flanagan seconded the motion.
 - The Commission unanimously approved the motion.



5. Issue 5 - Economic Empowerment Priority Applicants – 3:28:01
 - The Chairman gave an overview of the topic.
 - Commissioner Title said she supports the proposal, for similar reasons as maintaining a list of EEA applicants.
 - Commissioners Flanagan and McBride agreed.

6. Issue 6 - Economic Empowerment Priority Applicants- 3:29:26
 - The Chairman gave an overview of the topic.
 - Commissioner Flanagan asked about the amount of work that would go into this for the EEA applicants and if it is going to create an undue burden on the applicant, suggesting that the obligation should consist of more than a signature on a piece of paper.
 - The Commissioner Title said this is documentation the EEA should be keeping anyway to demonstrate the EEA certification. Commissioner Title said she would be willing to make this every two years if it's too burdensome.
 - Commissioners McBride and Flanagan said they have concerns about burden on the applicant, therefore if the Commission thinks it is important, it should be minimal obligation.

- m. SEP - Equity Ownership Threshold for Social Equity Program Participants to Receive License Benefits - 3:33:50
 - The Chairman gave an overview of the topic.
 - Commissioner Title said that the number of SEP participants is going to grow, resulting in larger numbers of people, who by virtue of their SEP status and 10% ownership, can get benefits, regardless of who owns the other 90%. Therefore, Commissioner Title expressed that the threshold should be a deliberate choice.
 - With respect to allowing microbusinesses and women-, minority-, and veteran-owned business to access the benefits, Commissioner Title suggested perhaps a tiered system, but thinks initially it should start small and slowly expand to include new categories.
 - Ultimately Commissioner Title suggested making SEP benefits available to businesses that are majority owned by SEP participants and expanding it to small businesses that have a DBE certification. Commissioner Title suggested that “small business” be determined by key performance indicators such as net profits.
 - Both Commissioners Flanagan and McBride agreed with Commissioner Title’s suggestion.

- n. Buffer Zone – 3:38:32
 - Commissioner Title gave an overview of the topic.



- Commissioner Flanagan said that in more rural areas some “highways” would not create an impassible way, and allow for a walkable distance that might water down the buffer zone.
 - Commissioner Title said that those small roads would be counted as a walking path.
 - Commissioner Flanagan also noted concerns that have been raised about bus stops.
 - Commissioner McBride said she is eager to get public comment on this.
- o. Flexibility to Expand Delivery-Only Licenses and Delivery Endorsements- 3:44:20
- Commissioner Title gave an overview of the topic.
 - Commissioner McBride said she wanted to include as much criteria as possible while still allowing for flexibility.
 - Commissioner Title appreciated that perspective and suggested that the criteria would be something along the lines of “if there is unmet demand.”
 - Commissioner Flanagan did not have additional comments.
 - The Chairman expressed his desire to allow for flexibility and striking that balance.
 - Commissioner Title asked if there was an objection to allowing all worker-owned cooperatives (not just craft cooperatives) to participate in delivery.
 - Commissioner McBride said she would like to know more about that and what impact that would have.
 - Commissioner Flanagan would like to know more about the thought process there.
 - The Chairman liked the idea but would like more information and to hear public comment.
- p. Verified Financial Hardship Documentation 3:51:47
- Commissioner Title gave an overview of the Topic.
 - Commissioner Flanagan suggested that using social security as proof of hardship may not be an indication of need and we need to be sure that there is a rock solid way of determining/proving need and to ensure that the benefit is only going to those who truly need it. Commissioner Flanagan volunteered to work with Commissioner Title to refine these options.
 - Commissioner Title welcomed Commissioner Flanagan’s help in developing these provisions to get at the concerns addressed.
 - Commissioner McBride asked if there was consideration for the Commission to make the determination if patients are eligible hardship programs. Commissioner McBride also noted concern about providing certain documentation to MTCs for privacy and other reasons. Commissioner McBride wondered if there should be tiered systems to hardship programs.



- The Executive Director noted that the Commission was previously reviewing some information for fee waivers so there's some history there. This would need to be thought through carefully, but it is possible.
 - Commissioner Title supported this idea of bringing the verification in-house.
- q. Personnel Policy – Require Code of Ethics and Whistleblower Policy -4:01:28
- Commissioner Title gave an overview of the topic.
 - The Chairman and Commissioner McBride Supported this.
 - Commissioner Flanagan had no comment.
- r. The Chairman gave the opportunity for Commissioners to discuss any additional topics if they had them.
- Commissioner McBride removed her topic that can be addressed through the normal public comment period.
- 5) Next Meeting Date
- The Next meeting will be July 9 will be the next meeting.
 - June 25 was tentative in case we needed more time after today, but this entire meeting covered all topics.
- 6) Adjournment
- Commissioner McBride moved to adjourn
 - Commissioner Flanagan seconded the motion.
 - The Commission unanimously voted to adjourn.

