



State of New Jersey
CANNABIS REGULATORY COMMISSION

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Governor

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SHEILA Y. OLIVER
Lt. Governor

DIANNA HOUEYOU, *Chair*
SAMUEL DELGADO, *Vice Chair*
KRISTA NASH, *Commissioner*
MARIA DEL CID-KOSSO, *Commissioner*
CHARLES BARKER, *Commissioner*
JEFF BROWN, *Executive Director*

MINUTES – PUBLIC MEETING NO.
JANUARY 13, 2023 – 1:00PM
Publicly Accessible Online via Zoom

1. CALL TO ORDER

The January 13th, 2023, public meeting of the New Jersey Cannabis Regulatory Commission was called to order by Chairwoman Houenou at 1:07pm at 225 E. State Street, Trenton, NJ 08625 via Zoom Webinar.

Administrative Assistant Jolitha Joanem read the following statement:

“Chairwoman Houenou, this is a rescheduled meeting of the New Jersey Cannabis Regulatory Commission’s 2023 annual meeting schedule. Adequate notice of this Meeting has been provided in accordance with the Senator Byron M. Baer Open Public Meetings Act. Notice of the Meeting was provided to the Asbury Park Press, Atlantic City Express, Bergen Record, Courier Post, Star Ledger, and the Trenton Times on January 11, 2023. The agenda and information regarding the of the meeting was also posted on the CRC website. The meeting time and location has also been posted on the website of the New Jersey Cannabis Regulatory Commission and with the Office of the Secretary of the State.”

2. ROLL CALL

Administrative Assistant Ms. Joanem, took the roll, and the following Commissioners were present:

Mr. Charles Barker, Ms. Maria Del Cid-Kosso, Mr. Samuel Delgado, Ms. Krista Nash, and Ms. Dianna Houenou.

No one was absent. *The following CRC staff members were present:* Jeff Brown, Kelly Anderson-Thomas, Toni-Anne Blake, Wesley McWhite, and Christopher Riggs.

3. EXECUTIVE SESSION

Chairwoman Houenou called for a motion to go into Executive Session for approximately **30 minutes**. **Vice Chair Delgado made the motion, and Commissioner Barker seconded.** Hearing no discussion, Ms. Blake took the vote.

VOTE:

AYES: Commissioner Barker, Commissioner Del Cid-Kosso, Commissioner Nash, Vice Chair Delgado, Chairwoman Houenou

NAYS: None

The motion was passed.

Executive session started at 1:10pm and ended at 1:43pm.

4. APPROVAL OF PREVIOUS MEETING'S MINUTES

The open, public portion of the meeting began at 1:43pm. Chairwoman Houenou asked for a motion to adopt the minutes and executive session minutes for the December 02, 2022, meeting. Ms. Joanem noted that the minutes were shared with the commission members prior to the meeting. Commissioner Del Cid-Kosso made the motion, and Commissioner Nash seconded. Hearing no discussion, Chairwoman Houenou called the vote.

VOTE:

AYES: Commissioner Barker, Commissioner Del Cid-Kosso, Commissioner Nash, Vice Chair Delgado, Chairwoman Houenou

NAYS: None

The motion was carried

5. CHAIR'S REPORT

Chairwoman Houenou highlighted a few items that can be anticipated to be seen this year, which include the regulations for personal-use, continued expansion of the medicinal cannabis program, and more business openings. With respect to the personal-use regulations, the Chairwoman stated that final adoption on those rules including additional cannabis business license classes will be coming soon. Additionally, CRC's proposal concerning cannabis consumption areas will be published in the New Jersey Register, on January 17th. The Chairwoman stated there will be a 60-day public comment period, which will end on March 18th.

The Chairwoman next reminded applicants of the process CRC use to review and render decisions on applications. The Chairwoman explained that after an application is submitted, staff must review the materials for completion, accuracy, and sufficiency. She explained that time that is needed for the CRC to sufficiently prepare, compile, and review these materials for an upcoming Board meeting, and that application materials must get through all reviews by our staff well in advance. She stated that this allows Commission staff and Board members to have enough time to adequately prepare for a public board meeting, and helps the CRC minimize any last-minute changes or disruptions that can negatively affect an applicant. The Chairwoman reminded all applicants that the CRC is required to adhere to certain standards and stated that unless and until documentation has been provided to CRC staff, applications cannot be considered for a vote by the Board. The Chairwoman advised applicants to check the CRC website on the public meeting page for the list of applications that are under consideration, as those are

publicly posted. The Chairwoman stated that should help to provide some relief to applicants who maybe are a little unsure of whether they're up for consideration. And further should also help dispel any fake reports about who is allegedly going to be voted on. She stated that the CRC will keep posting those lists for future Board meetings.

6. EXECUTIVE DIRECTOR'S REPORT

Executive Director Brown gave updates on the budget overview mid fiscal year with a particular focus on expenditures that have occurred under delegated authority by the board, a licensing update, and then a specific update on adult-use license applications and medicinal cannabis permits. Regarding the Commission budget in fiscal year 2023, Executive Director Brown stated the Commission was allocated up to \$17.2 million, which is dependent on tax revenue. He explained that tax revenue needs to continue to come in and increase in order to hit the 17.2 million mark. He stated that the CRC can only use a maximum of 30 percent of total cannabis revenues for operating budget. To date, the Commission has expended 5.58 million.

Executive Director Brown stated that the largest expenditure remains salary and wages and noted there are several potentially large hits to the budget that have not yet occurred that we project to occur between now and the end of the fiscal year. Currently, he stated that there is approximately \$156,700 in operational costs for system development implementation and professional and general services. Executive Director Brown gave total expenditures per purchase category. The CRC has spent in this fiscal year so far in operational costs, which includes office supplies, postage, security, telephone, and other fees: \$40,000. For printing, photocopying, office supplies, \$12,100. For data and information processing, \$67,500. Information systems, development, and technologies, \$3,400. Administrative and advisory services, \$4,100. And subscriptions and memberships, \$22,000. He stated that the CRC is overall doing well budget-wise. Executive Director Brown anticipates some expenditures that will happen between now and the end of fiscal year.

Executive Director Brown next provided an update on recreational cannabis business applications.

He stated the CRC has now received 1,538 applications for cannabis businesses. He added that there are only 62 applications that have yet to advance from that initial priority assignment and review to completeness. He stated that as of this meeting, the CRC has issued 911 conditional license awards. Of those, 133 have obtained their conditional license and have submitted to convert to an annual license, which is roughly 15 % of all conditional license holders. Today, he stated there are 42 conditional applications up for approval, six conditional to annual conversion applications, and eight annual applications. Additionally, he stated there are 400 class one cultivator applications, 236 class two manufacturers, 866 retailers and 11 testing laboratories. On the medicinal cannabis side, more 2019 RFA awardees are becoming operational and existing industry is expanding with new locations. He concluded by listing the new awardees that are now operational: Valley Wellness, which is in Raritan, Sweet Spot dispensary in Voorhees, two dispensaries in Breakwater and Roselle Park,, BLOC in Franklin, and Hillview Med,

7. DIVERSITY AND INCLUSION REPORT:

Director McWhite provided an update on CRC's quarterly review data. He stated that a diverse cannabis market in New Jersey is already taking shape. He explained that this is good news, not just for the industry but for individuals who have been disproportionately impacted by the war on drugs. Second, he stated that CRC's prioritization process is working along with CRC's social equity framework and diversity framework is working. Third, he explained the CRC has a roadmap for ramping up outreach and state

quota engagement and the types of outreach engagement that can yield even more data and more diverse participation in our cannabis market.

Director McWhite provided an updated on social equity businesses. He stated that as new overall applicants are submitted, social equity applications maintain a strong showing of the CRC has received 1,497 applications as of December of 2022. Of those, 375 are social equity. Thus, he stated that social equity applications are holding strong at 25%. For diversely owned business, he stated that those applications hold a strong and impressive 72% of the total number of our applications so far, which is extraordinarily good news.

Director McWhite stated that this is direct evidence that New Jerseyans most impacted by the war on drugs with prior marijuana convictions are submitting applications. He explained that the CRC's social equity framework is working, and that there is growing participation from individuals from this key population with even more room to grow. He stated that the CRC wants to continue to monitor disabled veterans and women and minorities separately, although written in statute it brings together women and disabled veterans as one key demographic in statute. He stated that the CRC is already increased applications from disabled veterans because of outreach and stakeholder engagement. Regarding minority owned businesses, Director McWhite stated that 34% of CRC's awardees are minority owned which means the CRC is over 19% of our original benchmark of 15. For women or disabled veterans, he stated they stand at 39%, and are over their statutory benchmark of 24%.

8. CONSIDERATION OF LITIGATION MATTERS:

Chairwoman Houenou reminded the public and staff this item was discussed by the Board during the Executive session.

VOTE:

Chairwoman Houenou asked for a motion to adopt the resolution concerning the settlement of Appellate Division docket#: A-3966-21, In the Matter of New Jersey Highlands, LLC Application for Clinical Registrants Permit consistent with the discussion had and recommendations made during Executive Session.

Vice Chair Delgado made the motion and Commissioner Del Cid-Kosso seconded. Hearing no discussion, Ms. Joanem called the vote:

AYES: Commissioner Del Cid-Kosso, Vice Chair Delgado, Commissioner Nash and Chairwoman Houenou

NAYS: Commissioner Barker

The resolution was passed

9. CONSIDERATION OF CONDITIONAL LICENSES:

Executive Director Brown summarized the 42 conditional applications that are up for consideration. He stated that the process used and how they were scored and verified based on application type. Each application was verified based on the application information submitted. They were assessed for completeness and scored. Each application was reviewed for limitations, qualifications, and initial financial and management agreement.

VOTE:

Chairwoman Houenou asked for a motion to adopt the resolution on conditional license applications for class one cannabis cultivator, class two manufacturer, and class three cannabis retailer licenses.

Commissioner Barker made the motion, and Commissioner Nash seconded. Hearing no discussion, Ms. Joanem called the vote:

AYES: Commissioner Barker, Commissioner Del Cid-Kosso, Vice Chair Delgado, Commissioner Nash and Chairwoman Houenou.

NAYS: None

The resolution was passed

10. CONSIDERATION OF CONDITIONAL CONVERSION LICENSE:

Executive Director Brown summarized the applications to convert a conditional license to an annual license. Like conditional licenses, he stated they are assessed for priority. He explained that there significantly more scoring sections for conditional conversions than there are for conditional applicants. After scoring, the CRC moves on to limitations, financial management agreement review, as well as qualification review. Thereafter, it is moved onto investigations, in which they conduct a qualification review, assess any criminal history, as well as vet the applicants against our regulations for qualification. Additionally, CRC's investigators work to identify the source of funds where applicable. Finally, he stated those that score sufficiently high have been appropriately investigated and deemed qualified by staff up to the Board ultimately. The CRC then conducts quality control and makes a recommendation to the CRC Board for approval.

VOTE:

Chairwoman Houenou asked for a motion to adopt the resolution concerning applications to convert from class 2 manufacturer, class 3.

Commissioner Del Cid-Kosso made the motion, and Commissioner Nash seconded. Hearing no discussion, Ms. Joanem called the vote:

AYES: Commissioner Del Cid-Kosso, Commissioner Nash, Vice Chair Delgado, and Chairwoman Houenou.

NAYS: Commissioner Barker

The resolution passed

11. CONSIDERATION OF ANNUAL LICENSE:

Executive Director Brown summarized the process for annual license, which is similar to conversion, except here they have applied directly for an annual license instead of going first to a conditional. Each application is assigned a priority. assessed for completeness, and then scored. He stated that the scoring criteria is slightly different for direct annual licenses versus conditional conversions because a lot of that is written into statute. He then stated that those that are scored sufficiently high are reviewed for any regulatory limitations, financial management, and ultimately for qualification which includes a criminal history background check, as well as a financial investigation. The CRC conducts quality control. Those that are ready for Board approval, are then recommended to the Board for approval.

VOTE:

Chairwoman Houenou asked for a motion to adopt the resolution of considering the annual cannabis business applications for class 1 cultivator, class 2 manufacturer, and class 5 retailer. Commissioner Nash made the motion, and Commissioner Del Cid-Kosso seconded. Hearing no discussion, Ms. Joanem called the vote:

AYES: Commissioner Del Cid-Kosso, Vice Chair Delgado, Commissioner Nash, and Chairwoman Houenou.

NAYS: Commissioner Barker

The resolution passed

12. CONSIDERATION OF OWNERSHIP CHANGE:

Executive Director Brown summarized this agenda item and stated Columbia Care is proposed to be acquired by Cresco Labs. He stated they applied for a change of ownership under CRC's regulations and have complied with CRC's background investigation including criminal history background checks and, the financial investigation. He stated that Cresco Labs does not have any other permits or licenses in the State of New Jersey, so there's no caps on licenses either in the recreational market or in the medicinal market that are implicated. Given that they've complied with CRC's regulations and there is no information that would lead the CRC to yield a negative recommendation Executive Director Brown recommended approval of this ownership transfer and approval of Cresco Labs to take over ownership of Columbia Care.

VOTE:

Chairwoman Houenou asked for a motion for to adopt the resolution approving transfer of ownership of Columbia Care, NJ LLC, an ATC to Cresco Labs.

Commissioner Nash made the motion, and Vice Chair Delgado seconded.

Discussion: Commissioner Del Cid-Kosso, briefly commented on Cresco Labs honoring the Labor Peace Agreement and is going to continue the relationship with labor unions. And also believe they are going to be honoring and continuing to move forward with Columbia Care social equity plan.

Hearing no further discussion, Ms. Joanem called the vote:

AYES: Commissioner Del Cid-Kosso, Commissioner Nash, Vice Chair Delgado, and Chairwoman Houenou

NAYS: Commissioner Barker

The resolution passed

13. BUSINESS NAME CHANGE:

Executive Director Brown summarized this agenda item and stated the CRC has two applications for name change. One is Oceanfront Holdings, LLC to downtown FLWR, LLC and New Jersey PharmaCann, LLC to URB'N Dispensary, LLC. He stated they have submitted everything that they need to, and have appropriately registered with the state. They've submitted the relevant documentation that our team needs pursuant to regulations and, therefore, are recommended for approval here. These are both two 2019 RFA awardees.

VOTE:

Chairwoman Houenou asked for a motion to adopt resolution to change business names as recommended by the staff.

Commissioner Barker made the motion, and Commissioner Del Cid-Kosso second.

Hearing no discussion, Ms. Joanem called the vote:

AYES: Commissioner Barker, Commissioner Del Cid-Kosso, Vice Chair Delgado, Commissioner Nash and Chairwoman Houenou.

NAYS:

The resolution passed

14. CONSIDERATION OF DELEGATION OF AUTHORITY:

Executive Director Brown summarized this agenda item. He stated that up for consideration is a resolution to delegate authority from the full CRC Board of Commissioners to the Permitting and Licensing Committee. He stated that the members of the Committee are Chairwoman Houenou and Commissioner Del Cid-Kosso, as well as staff who provide support but do not have a voting role on the meeting or on the Committee. He stated that this delegation of authority delegates authority to the Committee to act on license extensions of deadlines related to licenses and permit awards. He provided an example that in December, the Board extended all 2019 RFA dispensary awardees, and similarly, the Board has extended conditional license awardees. He reasoned that delegating this authority will enable the CRC to work collaboratively, and to streamline the approach of approving extensions related to deadlines related to license awards or that are otherwise in regs. Further, he stated that it will make it easier for the CRC to move on these in a timely manner, and, hopefully, reduce the need to do blanket extensions and focus in more granular on specific details. He recommended that this is approved by the CRC Board of Commissioners and that authority to make these determinations is delegated to the Permitting and Licensing Committee.

VOTE:

Chairwoman Houenou asked for a motion to adopt resolution to of delegating authority to the Commission's Permitting and Licensing Committee to review and approved requests for extensions of permitting and likening deadlines.

Commissioner Nash made the motion, and Vice chair Delgado second.

Hearing no discussion, Ms. Joanem called the vote:

AYES: Commissioner Barker, Commissioner Del Cid-Kosso, Vice Chair Delgado, Commissioner Nash and Chairwoman Houenou.

NAYS:

The resolution passed

15. PUBLIC COMMENT ON AGENDA ITEMS:

Chairwoman Houenou reminded the public that they can submit their comments to the CRC before, during, or after the public meeting in writing via the CRC website at nj.gov/cannabis/meetings by 5:00pm on January 17. The Chairwoman reminded the public that all submitted questions and comments are shared with the commission members and are made public along with the minutes.

Invited speakers and the public had the opportunity to share questions, ideas, and concerns with members of the commission.

Director of Communications, Toni-Anne Blake, called on members of the public who signed up to speak. All speakers were given three (3) minutes to speak. Director Blake called on the invited speakers to speak first.

Ashley Walsh: CEO of Garden Organics, she states, she has applied for her conversion application back July and have met with the investigators and provided all requested information was hoping to be on the list of annual awardees but did not see their business name and requesting the commission to review their application and approve it.

Buddy Greenberg: Aspiring cannabis entrepreneur who publishes a blog called craaccountability.org. Mr. Greenberg have spoken at some of the CRC's public meeting to voice his dissatisfaction on how the

commission issues its licenses. He wishes to see the CRC issue more conversion to annual licenses rather than conditional licenses. Mrs. Greenberg states the CRC is on a path of becoming the poster child for government inefficiency and incompetence and of getting in the way of a highly equitable and safe cannabis market in New Jersey.

Aggie Byas: First thanks the CRC for its approval on the licenses that were approved but also concerned about the applicants who did not receive their license. Spoke about her owning and running a successful cannabis business in Oklahoma and which the laws would adjust to mimic Oklahoma's laws on cannabis. She also spoke about her aunt who applied for her license. Her name is Paulette Byas. Her application is 1909. She's been waiting for her approval.

Chris Goldstein: Organizer for the National Organization for Reform of Marijuana Laws better known as NORML in New Jersey, Pennsylvania, and Delaware. He understands Executive Director Brown mentions consumer cannabis pricing in New Jersey a lot. Compares, the legalization of alcohol to cannabis with cannabis costing consumers more than alcohol says the cost of cannabis is a high price for the working people of NJ. The best price he could find was \$54 Shake for cannabis consumers, this out of scale for what he found in the legacy market, and from a very robust legacy market at that where for \$200 or \$250 someone could get Fire today in the underground market and not pay a tax. He's been urging his legislators to work on price caps for retail cannabis in New Jersey to give the CRC the tools to address prices better. He also shared on the Cresco/Columbia Care merger; Delaware legalization didn't happen because Columbia Care lobbyists lobbied against equity in Delaware. They threatened to increase prices on medical marijuana patients if they launched with small businesses down there.

Cord Schlobohm: Co-Founder and Executive Director of Baked by the River Dispensary and Cannabis Equity Employment, thanked the commissions for the time to speak and doing the meeting virtually. Spoke about diversity report and likes the direction it is heading. Spoke about going through the licensing process, said he know there is a standard of cannabis businesses disingenuously claiming diversity ownership, there are loopholes in the operating agreements, or listing uninvolved family members to receive prioritization. While the diversity report seems hopeful, he is questioning whether or not they accurately represent real diversity and business ownership. He also commented on the application prioritization and conditional license list from the website, said it seemed clear that conditional licenses and conditional conversion applications would be prioritized above annual licenses. He also commented that seeing all the applications for annual licenses which were approved before his conditional application is converted would appear the prioritization the CRC has on its website is entirely misleading.

Deb Riga: She is currently seeking local approval for her micro business manufacturing venture and plan to submit a conditional application soon. Want to comment on the coming additional regulations about the public cannabis consumption areas. Her understanding about the draft regulation is that it is envisioned to be exclusively for class five retailers. She would like to ask the Board about the regulation that class one cultivators and class two manufacturers should also be included in that regulation and that they should be given not free rein to sell cannabis like retailers, but that they will be allowed a very narrowly scoped ability just like a microbrewery might like at the Asbury Park Brewery.

Fred Jackson: Taste of Earth, thanked the commission for the approval of his business license.

Gabriella Wilday: CEO of a WBE retail, retail conversion applicant. Was happy to see all the hard work the Commission is doing and appreciate Mr. White for all he's accomplished with his work in diversity. Commented on Executive Director Brown's remarks on the 50 annual licenses that have been awarded which is a huge, huge, huge win. Talked about the sales volume in adult-use recreational cannabis increasing, commented on the awardees who were just issued their annual license who some started the

application process 13 months ago, have been incurring carrying costs. Every single day that they don't have their doors open is painful. The sooner they can get up and running, the sooner that they can have income to offset all the expenses that they've incurred.

Molly Hartman Lustig: Chair of the Cannabis Practice Committee Department at McLaughlin & Stern and a Co-Chair of the Social Justice and Equity Subcommittee for the New Jersey State Bar Association. Commented on a few items she would encourage the Commission to investigate and/or provide more guidance on. Leading off Ms. Wilday's comments, the administrative rules of 17:30-6.1 B1 and 2, provide that 37-cultivator cap for non-micro business cultivators. Would like to know when will there be a review after February of whether the limit is going to be shifted based on the market demands? She also want to encourage the Commission to really look into some of the limitations and in both 6.8 I and 6.9 H 1-2 for the management services agreements because some of the language concerning commercially reasonable and a split on profits is actually hurting the little guys and gals because it's forcing people into a situation where a management services agreement operators actually favor because they have to provide not only a flat fee but a percentage to actually cover the real life costs that we're talking about, whether it be property or financing or services.

Xavian Jackson: He also thanked the commission for approving his business license and brought to the commissions attention his application number is right but their business classification was wrong, they are not a cultivator but a retailer.

Youssef Heikel: Employee of Taste of Earth Group application. He commented on several board members and gave recognition to them for the hard work they have been putting into the industry. Mentioned and thanked Chairwoman Houenou, on her service at the ACLU. Thanked Veteran Vice Chair Delgado for his 20 years of service in the Marine Corps. Talked about what he have seen today has been enlightening, has been positive in terms of the progress NJ cannabis business owners is looking to achieve. As somebody who works in the solar industry, he runs one of the largest dealers on the east coast, Virtually Pole Line Solar. One thing they understand and the reason why they do business online is because they have speed to market. Working with Mr. Fred Jackson, his son, Xavian, and a few other people in their group, makes them hopeful, but are also cautious from some of the comments that they've heard today. He hopes that with Chairwoman Houenou and her leadership that they start to see expedited progress now that they can divert some additional attention to the conversions.

Travis Ally: Thanked the commission on behalf of Good Lettuce. As a veteran of the 2019 RFA process, he can say with absolute certainty the process is a hundred percent approved. It's transparent. The CRC's commitment to transparency, and fairness. As a founder of a startup, he can attest to how difficult it is just launching a business. Quoted Rakim, "The job is never done, but done well." He looks forward to working with future conditional license winners that convert, especially the retailers like Roll Up Life, Joy Leaf, Dales Garden, CUE City, Valerie's Garden, Island Vibes and many, many more. Commented on pricing, he believes they will improve when there's more supplies. He really appreciates the hard work the commission have been doing.

16. ADJOURNMENT

Chairwoman Houenou called for a motion to adjourn. Vice Chair Delgado made the motion to adjourn and seconded by Commissioner Del Cid-Kosso. Chairwoman Houenou called the vote.

AYES: Chairwoman Houenou, Vice Chair Delgado, Commissioner Nash, Commissioner Barker, Commissioner Del Cid-Kosso

NAYS: None

The public meeting adjourned at 3:14pm.

CERTIFICATION

I hereby certify that the foregoing minutes represent a true and complete summary of the public meeting held by the Cannabis Regulatory Commission on **January 13, 2023**.



Christopher Riggs
Chief Counsel

Date: 3/7/23



Jolitha Joanem
Administrative Assistant

Date: 1/17/23