

Alabama Medical Cannabis Commission Meeting

Minutes

August 10, 2023

The Alabama Medical Cannabis Commission met on August 10, 2023, in the RSA Dexter Conference Room. The meeting was called to order by Vice Chairman Vaughn at 9:59 A.M.

Mr. Justin Aday led the Commission's invocation. The roll was taken with a quorum present. Commission members present for the meeting were Mr. Rex Vaughn, Dr. William Saliski, Dr. Sam Blakemore, Mr. Dwight Gamble, Dr. Angela Martin, Dr. Eric Jensen, Ms. Loree Skelton, Judge Charles Price, Mr. James Harwell, Dr. Jerzy P. Szaflarski, and Mr. Dion Robinson. Ms. Taylor Hatchett was not present for the roll call at the opening of the meeting; however, she arrived during the executive session and was counted present from that point forward.

Vice Chairman Vaughn presented the minutes from the July 10, 2023, Commission meeting. A motion to approve the minutes was made by Dr. Blakemore, seconded by Dr. Jensen, and received unanimous approval by the Commission.

Vice Chairman Vaughn discussed the resignation of the former Chairman, Dr. Steven Stokes and noted his contributions. Dr. Blakemore also expressed his gratitude for Dr. Stokes' service both on the Commission and his personal and professional accomplishments.

Vice Chairman Vaughn designated Director John McMillan to preside over the election of officers. Director McMillan opened the floor for nominations for chairman of the Commission. Mr. Gamble nominated Vice Chairman Vaughn to become chairman. The nomination was seconded by Dr. Jensen and, with no other nominations made, the Commission unanimously elected Vice Chairman Vaughn as chairman.

Mr. McMillan then opened the floor for nominations for vice chairman of the Commission. Mr. Gamble nominated Dr. Blakemore to serve as vice chairman. The nomination was seconded by Dr. Saliski and, with no other nominations made, the Commission unanimously elected Dr. Blakemore as vice chairman.

Chairman Vaughn thanked the members and expressed his optimism for working with Vice Chairman Blakemore.

Chairman Vaughn then moved to discuss three decision items. He explained that the first decision item is the consideration of lifting the Commission's previously imposed stay. He explained that the Commission had ratified this stay at the previous meeting and the Court had lifted its stay so that this meeting could move forward. A motion to lift the Commission-imposed stay was made by Judge Price, seconded by Dr. Jensen, and received unanimous approval by the Commission.

Chairman Vaughn explained the second decision item was to void the license awards from the June 12, 2023, meeting. He reminded members that following the June 12 meeting inconsistencies were found in the tabulation and calculation of scores. He noted that the

Commission had received corrected and verified scores and, with this accurate data, the Commission would need to void the previous license awards and consider that information in its award of licenses. A motion to void the license award of June 12 was made by Dr. Jensen, seconded by Dr. Saliski, and received unanimous approval by the Commission.

Chairman Vaughn stated that the Commission would consider moving into executive session. He asked Mr. Will Webster, legal counsel for the Commission, to explain the items which the Commission will address, and the legal authority to justify the executive session.

Mr. Webster began by noting that the Commission would not be deliberating about applicants in the executive session. He also explained that Commission members would be provided a form to nominate applicants in each license category and that those nominations would be collected at the resumption of the public meeting. Mr. Webster noted that only applicants who were nominated by a Commission member would be considered for licensing.

Mr. Webster then provided his declaration for recessing into executive session. He explained that the Commission is expected to discuss three items:

(1) In the context of reviewing the processes and events that have necessitated the voiding and re-award of licenses, a discussion of matters involving the general reputation, character and professional competence of individuals. This discussion meets the requirements for Executive Sessions under Section 36-25A-7(a)(1), Code of Alabama 1975;

(2) In the context of reviewing information gathered as to particular applications and its own internal processes, hearing comments from individual Commissioners and others on information reviewed in preparation for the upcoming votes by the Commission, a discussion of matters involving the general reputation, character and professional competence of individuals. This subject matter also meets the requirements for Executive Sessions under Section 36-25A-7(a)(1), Code of Alabama 1975; and

(3) In the context of the ongoing and imminently likely litigation and its upcoming votes, discussing with their attorneys the legal ramifications of and legal options available and expected based on various courses of action. This discussion meets the requirements for Executive Sessions under Section 36-25A-7(a)(3), Code of Alabama 1975.

Ms. Skelton and Judge Price asked for clarification on the Commission's ability to discuss reputation, character, and professional competence in the executive session. Following discussion, a motion to recess for executive session was made by Dr. Jensen, seconded by Vice Chairman Blakemore, and received unanimous approval by the Commission.

The Commission entered executive session at 10:17 A.M.

The Commission reconvened the public meeting at 2:24 P.M.

Chairman Vaughn noted that members of the Commission independently nominated applicants in each license category for consideration of licensure. He asked the Commission staff to collect the sealed nominations, compile the nominations and report back to the Commission for consideration.

Chairman Vaughn reminded everyone that the members of the Commission have had access to all applications since Spring. He also noted that Commissioners have had access to recalculated scores, evaluator qualifications, notations on pass fail items, background checks and other information considered in the award of licenses. He noted that the Commission is the primary decisionmaker in the award of licenses and may act independently of any third-party evaluation recommendation. He emphasized that all 90 applications deemed submitted were considered when the Commission members made their nominations.

Chairman Vaughn then recognized the representatives from the University of South Alabama (USA) to review the audit process of initial scoring provided to the Commission. Chairman Vaughn recognized Ms. Lynne Chronister (USA's Vice President for Research and Economic Development), Ms. Kristen Roberts (USA's Chief Financial Officer), Ms. Brittany McCallister (USA), Ms. Kristen Dukes (USA), Ms. Misty Sabol (USA), and Mr. Keith Shurbutt (KPMG).

Ms. Chronister discussed the evaluator screening and selection process. She explained the multistep application process and highlighted the forms and biographical information collected. She also explained how evaluators were placed and ultimately approved to serve as evaluators. Ms. Chronister noted that all evaluators attended trainings and were provided an evaluation handbook. To emphasize the qualifications of evaluators, Ms. Chronister highlighted their education levels and relevant experience. Ms. Chronister then asked Ms. Roberts to discuss the human errors that occurred and how the errors were identified and corrected.

Ms. Roberts discussed the procedures performed after USA was notified of a score calculation variance in June 2023. She explained that two high level accountants at USA conducted independent recalculation of scores submitted for all 90 applications. She noted that this required an audit of approximately 11,000 data points and approximately 15,000 calculations to determine final scores. Ms. Roberts noted that KPMG, LLC was engaged to perform agreed upon procedures and validate the recalculated scores. She explained that, through the scoping phase of KPMG's procedures, both internal USA recalculations identified the same variances. She further explained that an additional independent recalculation of scores was conducted by KPMG. Ms. Roberts noted that the audit did not include any review of evaluator selection, qualifications, or basis for how the evaluator determined raw scores submitted.

Ms. Roberts then discussed the results of the audit. She explained that all variances affected applicant scores, but only some affected rankings. She first reviewed the offsetting error which was caused by one evaluator duplicating their score and causing a trickle-down effect on the calculation of averages of all scores below it on the spreadsheet. Ms. Roberts also explained that a variance occurred due to the incorrect weight being applied to the raw score. She also noted that sorting errors occurred when sorting raw data by evaluator ID rather than application ID. Ms. Roberts also explained that mis-keys by evaluators caused misalignments between quantitative scores and qualitative scores submitted by evaluators. As a result of the mis-keys, Ms. Roberts explained that data entry errors occurred. In conclusion, Ms. Roberts emphasized that all variances had been corrected by USA and independently verified by KPMG.

Following USA's presentation, the Commission entered recess at approximately 2:50 P.M. and reconvened the meeting at 3:40 P.M.

Chairman Vaughn moved to discuss the decision items before the Commission and began with consideration of award and denial of cultivation licenses.

Chairman Vaughn presented Gulf Shore Remedies, LLC who was unanimously nominated by members of the Commission. Ms. Hatchett made a motion to award Gulf Shore Remedies, LLC a cultivator license. A second was made by Dr. Jensen and the applicant received unanimous approval by the Commission.

Chairman Vaughn presented Pure by Sirmon Farms, LLC. Dr. Szaflarski made a motion to award Pure by Sirmon Farms, LLC a cultivator license. A second was made by Vice Chairman Blakemore and the motion received approval by the Commission. Dr. Martin voted against the motion.

Chairman Vaughn presented Blackberry Farms, LLC. A motion to award Blackberry Farms, LLC a cultivator license was made by Mr. Gamble, seconded by Dr. Jensen, and received unanimous approval by the Commission.

Chairman Vaughn presented Twisted Herb Cultivation, LLC. A motion to award Twisted Herb Cultivation, LLC a cultivator license was made by Dr. Jensen, seconded by Dr. Szaflarski, and received approval by the Commission. Ms. Skelton voted against the motion.

Chairman Vaughn presented I AM FARMS. Dr. Jensen made a motion to award I AM FARMS a cultivator license. A second was made by Vice Chairman Blakemore and the applicant received unanimous approval by the Commission.

Chairman Vaughn presented Greenway Botanicals, LLC. A motion to award Greenway Botanicals, LLC a cultivator license was made by Dr. Jensen, seconded by Dr. Szaflarski, and received approval by the Commission. Dr. Saliski voted against the motion.

Chairman Vaughn presented CRC of Alabama, LLC. A motion to award CRC of Alabama, LLC a cultivator license was made by Vice Chairman Blakemore, seconded by Dr. Saliski, and received approval by the Commission. Chairman Vaughn and Ms. Skelton voted against the motion.

Chairman Vaughn presented James Gang Dispensary, LLC. Dr. Martin made a motion to award James Gang Dispensary a cultivator license. The motion failed due to lack of a second.

The Commission then moved to consider the award and denial of processor licenses.

Chairman Vaughn presented Enchanted Green, LLC who was unanimously nominated by Commission members. Mr. Gamble made a motion to award Enchanted Green, LLC a processor license. A second was made by Dr. Jensen and the applicant received unanimous approval by the Commission.

Chairman Vaughn presented 1819 Labs, LLC. A motion to award 1819 Labs, LLC a processor license was made by Dr. Saliski, seconded by Dr. Szaflarski, and received unanimous approval by the Commission.

Chairman Vaughn presented Organic Harvest Lab, LLC. A motion to award Organic Harvest Lab, LLC a processor license was made by Ms. Hatchett, seconded by Vice Chairman Blakemore, and received unanimous approval by the Commission.

Chairman Vaughn presented Jasper Development Group Inc. A motion to award Jasper Development Group Inc. a processor license was made by Mr. Gamble seconded by Dr. Jensen and received unanimous approval by the Commission.

Following the vote, Chairman Vaughn noted that the Commission had filled all available processor licenses and moved to consider the award and denial of dispensary applicants.

Chairman Vaughn presented Yellowhammer Medical Dispensaries, LLC who was unanimously nominated by Commission members. Dr. Jensen made a motion to award Yellowhammer Medical Dispensaries, LLC a dispensary license. A second was made by Vice Chairman Blakemore and the applicant received unanimous approval by the Commission.

Chairman Vaughn presented CCS of Alabama, LLC. A motion to award CCS of Alabama, LLC a dispensary license was made by Mr. Gamble, seconded by Dr. Szaflarski, and received unanimous approval by the Commission.

Chairman Vaughn presented RJK Holdings AL, LLC. A motion to award RJK Holdings AL, LLC a dispensary license was made by Dr. Martin, seconded by Dr. Saliski, and received unanimous approval by the Commission.

Chairman Vaughn presented Statewide Property Holdings AL, LLC. A motion to award Statewide Property Holdings AL, LLC a dispensary license was made by Mr. Gamble seconded by Dr. Jensen and received unanimous approval by the Commission.

Having fulfilled all the available dispensary licenses, Chairman Vaughn recognized Vice Chairman Blakemore to provide comment. Vice Chairman Blakemore, who serves as the dispensary subcommittee chair, highlighted the involvement of pharmacists in the applications of those who had been awarded a dispensary license. He expressed that even though pharmacist involvement was not mandated that it provides many benefits for the industry.

The Commission moved to consider the award and denial of secure transporter licenses. Chairman Vaughn noted that the Commission is not limited to the number of licenses it can issue in the category.

Chairman Vaughn presented Tyler Van Lines, LLC. A motion to award Tyler Van Lines, LLC a secure transporter license was made by Dr. Jensen, seconded by Ms. Hatchett, and received unanimous approval by the Commission.

Chairman Vaughn presented International Communication, LLC. A motion to award International Communication, LLC a secure transport license was made by Ms. Hatchett, seconded by Mr. Gamble, and received unanimous approval by the Commission.

Chairman Vaughn presented XLCR, INC. A motion to award XLCR, INC. a secure transport license was made by Dr. Szaflarski seconded by Dr. Jensen and received approval by the Commission. Dr. Saliski and Judge Price voted against the motion.

Chairman Vaughn presented Alabama Secure Transport, LLC. A motion to award Alabama Secure Transport, LLC a secure transporter license was made by Dr. Szaflarski and seconded by Ms. Skelton. The motion failed with Chairman Vaughn, Dr. Saliski, Vice Chairman Blakemore, Mr. Gamble, Dr. Martin, Dr. Jensen, Judge Price, Ms. Hatchett, and Mr. Harwell voting against the motion.

Chairman Vaughn presented Pick Up My Things. There being no motion from the Commission, the applicant received no further consideration.

There being no further nominees for the secure transport licenses, the Commission moved to consider the award and denial of state testing laboratory licenses.

Chairman Vaughn presented Certus Laboratories. A motion to award Certus Laboratories a state testing laboratory license was made by Vice Chairman Blakemore seconded by Ms. Hatchett and received approval by the Commission. Dr. Saliski voted against the motion.

Chairman Vaughn presented ALA Labs, LLC. There being no motion from the Commission, the applicant received no further consideration.

There being no other state testing laboratory applicants for consideration, the Commission moved to consider the award and denial of integrated facility licenses. Chairman Vaughn reminded members that the Commission can award up to five integrated facility licenses.

Chairman Vaughn presented Insa Alabama, LLC. Ms. Skelton made a motion to award Insa Alabama, LLC an integrated facility license. A second was made by Vice Chairman Blakemore and the applicant received approval by the Commission. Dr. Szaflarski abstained from the vote.

Chairman Vaughn presented Flowerwood Medical Cannabis, LLC. A motion to award Flowerwood Medical Cannabis, LLC an integrated facility license was made by Ms. Hatchett, seconded by Vice Chairman Blakemore, and received approval by the Commission. Ms. Skelton and Judge Price voted against the motion. Mr. Harwell was marked present for the vote and Dr. Szaflarski abstained from the vote.

Chairman Vaughn presented Southeast Cannabis Company, LLC. A motion to award Southeast Cannabis Company, LLC an integrated facility license was made by Mr. Gamble seconded by Ms. Hatchett and received approval by the Commission. Ms. Skelton voted against the motion and Dr. Szaflarski abstained.

Chairman Vaughn presented Sustainable Alabama, LLC. A motion to award Sustainable Alabama, LLC an integrated facility license was made by Judge Price seconded by Ms. Skelton and received approval by the Commission. Dr. Jensen voted against the motion and Dr. Szaflarski abstained.

Chairman Vaughn presented TheraTrue Alabama, LLC. A motion to award TheraTrue Alabama, LLC an integrated facility license was made by Dr. Saliski, seconded by Dr. Jensen, and received approval by the Commission. Vice Chairman Blakemore, Ms. Skelton, and Judge Price voted against the motion. Dr. Szaflarski abstained from the vote.

Following the vote, Chairman Vaughn noted that the Commission had filled all available integrated facility licenses. The Commission entered recess at 4:08 P.M so that Commission staff could review the records related to the votes to ensure the Commission had satisfied the minority requirements and to review the geographical distribution of proposed facility locations. The Commission meeting resumed at 4:21 P.M.

Chairman Vaughn asked for a motion to deny all applications that were not awarded a license. A motion to deny all remaining applications was made by Mr. Gamble, seconded by Vice Chairman Blakemore, and received unanimous approval by the Commission.

Chairman Vaughn noted that the Commission does intend to issue another offering of licenses in the future.

Chairman Vaughn recognized Mr. Justin Aday to provide an update on the procedural timelines associated with license awards. Mr. Aday stated that applicants who had been awarded a license will have 14 days to pay the appropriate license fee and that those applicants who had been denied a license would have 14 days to request an investigative hearing. Mr. Aday also explained that licenses would issue 14 days after August 24, 2023, unless a stay is issued by the Commission.

Chairman Vaughn reminded members that the next Commission meeting is scheduled for August 31, 2023.

There being no further business, a motion to adjourn was made by Judge Price, seconded by Dr. Jensen, and unanimously approved by the Commission. The meeting adjourned at 4:26 P.M.