



Memorandum

To: Senator Mike Regan
Pennsylvania Senate Law & Justice Committee

From: Joy A. Strand, MHA
Executive Vice President

Date: March 14, 2022

RE: Adult-Use Cannabis

On behalf of Green Leaf Medicals, LLC (gLeaf), in Saxton, PA, I write in consideration of your important work regarding adult-use cannabis and to offer gLeaf's view on how best the Commonwealth can create a compelling piece of adult-use cannabis legislation. We appreciate your effort on this topic and applaud your leadership by holding these hearings and giving the industry a forum to highlight the opportunities within an adult-use market. Hearing from multiple stakeholders in the cannabis industry will assist you and your staff make informed policy decisions while crafting your legislation.

As a former Executive Director of Maryland's Medical Cannabis Commission (MMCC), it was my duty to ensure medical cannabis was available to qualifying patients safely and effectively across the state. In my current role as Executive Vice President of gLeaf, a Pennsylvania Grower/Processor, my primary role is Government Relations, and I continue to advocate for safe and tested cannabis products to patients and adult customers everywhere.

Below is a brief outline of gLeaf and our written testimony.

History

Green Leaf Medicals, LLC is a multi-state operator of Medical Cannabis cultivation, processing and dispensary licenses. gLeaf currently operates facilities in Maryland, Pennsylvania, Ohio and Virginia, with an application pending in New Jersey. Our products are sold under the brand **gLeaf** and can be found across the entire State of Pennsylvania.

In Bedford County, PA, gLeaf has a 275,000-square-foot facility, and 100,000 square feet houses the current cultivation and extraction operations, employing approximately 150

individuals. The company is in the process of completing a build-out of the remaining 175,000 square feet. Upon completion later in 2022, the facility will have a total production capacity of 7,000 pounds per month and will be the largest Grower/Processor in PA, with a base of over 500 employees.

In June 2021, gLeaf was acquired by Columbia Care, and together our company has cannabis operations in 18 states across the nation.

Testimony

This testimony will focus on my experience as a former regulator of medical cannabis in Maryland and relate that to gLeaf's experience in the Pennsylvania Medical Marijuana program. It will also touch on points to consider in enhancing the medical program and some thoughts as an Adult Use marijuana program is contemplated in Pennsylvania. The testimony is developed through my experience in the cannabis industry since 2017 and my experience as CEO of two different integrated hospital systems.

Life in a Cannabis Regulatory Agency

The development of a new state regulatory agency for cannabis is very different work than maintaining a state agency that has been operational for many years. The culture and direction of the new agency must be focused on exploring unknown territory, the growth of a successful program for all Pennsylvanians, and the development of sound regulatory policies that facilitate the development of the cannabis industry without disenfranchising licensees and other stakeholders. Following are just some of a few elements that need particular attention.

Attitude and commitment - I believe an essential characteristic of a good cannabis regulatory agency is the attitude and commitment of agency leadership and staff to establish a successful new program in the state. I did not have experience in the cannabis space prior to leading the MMCC and neither did any of the staff, and I expect this is much the same in most states. Cannabis organizations are a blend of various professionals from different walks of life, bringing their experience and talents together for a new venture. Cannabis is a new world of material to learn; everyone in the state is learning. The regulators, licensees, stakeholders and legislators are all learning; it's a new world.

Developing a successful state program requires self-education, motivation and a willingness to be a pioneer in a mostly uncharted area. It requires lots of teamwork, collaboration, dialog and listening to various stakeholders.

Relationships/communication with multiple stakeholders - In addition to establishing the agency office and staff in the early months at the MMCC, I focused on establishing relationships with multiple stakeholders. The list of stakeholders is long and varied, and new stakeholders emerge as the industry matures. Here are some examples of what I

found helpful in learning about the cannabis industry, the needs of stakeholders and assisting in moving the industry and agency forward.

- Site Tours – As a regulator, I visited multiple cannabis facilities; growers, processors and dispensaries. I found this to be, and fully believe, this is the single most important educational event that anyone entering the cannabis space can have. The value of seeing firsthand the operations and staff, plants growing, products being processed, and patients being served is priceless. It is definitely the best educational experience one can have in a condensed amount of time.

I have hosted tours of multiple groups of legislators, potential investors, potential applicants, minority stakeholders, providers, patients, regulators, and others through many gLeaf facilities to help promote accurate education about the cannabis industry. Last summer, I facilitated a tour of about 80 medical association members through a grower, processor, and dispensary in a single day without any incidents. There was a large amount of feedback from the providers on how beneficial this was to them in helping to treat their patients and getting new providers interested in becoming registered to certify patients in the program.

In Maryland, visitors do not need prior approval from the MMCC to tour a facility. There are readily complied with regulations in recording visitor information in logs available for review by inspectors. Like in Pennsylvania, the Maryland facilities are under video surveillance to review anything.

Currently, in Pennsylvania, it is challenging to get approval for visitors to tour facilities. I would urge this practice be changed quickly to allow this essential educational tool to be utilized to better PA cannabis programs.

- Meetings and Workgroups – meetings provided an opportunity for open dialog, exchange of information, and understanding issues and needs. In addition to formal and informal meetings, we established many staff-led workgroups on specific topics in compliance with the open meetings act. Here are some examples:
 - Testing laboratory workgroup
 - Law Enforcement Roundtable – Many law enforcement representatives of agencies or associations, including police, sheriffs, and individual jurisdictions participated.
 - Other MMCC leaders and I attended Association meetings to give updates and hear from industry
 - Workgroup with industry and association leaders regularly to discuss upcoming changes, the impact of changes, and to hear about concerns and emerging topics

- Met with patient advocates regularly
- Spoke at public conferences and events in MD and other states to provide information about the program.
- Spoke at neighborhood groups and patient events to provide education

The importance of dialog and relationships in establishing a cannabis program cannot be underestimated. I have testified previously that this is an area where gLeaf has a difficult experience in Pennsylvania. I would like to see the PA regulator's level of communication and information improve.

Staffing needs – Often, state governmental operations undergo downsizing the workforce through attrition or hiring freezes to contain the number of staff. The establishment of a new regulatory agency should be exempt from these practices because the agency needs resources to tackle the volume of work required to get things off the ground. The agency will likely see rapid staff growth, and staffing needs as the agency becomes established and starts to mature. The cannabis program in any state develops quickly over 1 – 4 years until it becomes solidly established. The changing requirement in staff education, experience and expertise happen at each growth step.

For example, when I started at the MMCC, there were 17 staff members, comprised chiefly of customer service representatives to register patients, a small enforcement and compliance team and individual professionals in governmental policy, laboratory standards, assistant attorney general, finance, IT, and clerical support. Shared services of Human Resources and broad IT support were either absorbed by existing staff or provided through other state agencies.

Over two years, the MMCC hired staff to fill almost 50 positions to keep pace with necessary changes. We expanded the enforcement and compliance team to handle the expanding license locations and regulations, added legal and clerical staff, and added departments for communications, education, scientific support, and internal operations.

Funding - Along with staffing is the need for appropriate startup funding. While a cannabis agency can become financially self-sustaining after a time from license and registration fees and fines, in the beginning, funding is needed for office space, staff, supplies, legislative activities, contractors, etc. Careful consideration of a financial plan for rapid growth is needed for the initial budget plan for funding from outside the agency that the agency cannot generate in the beginning.

Development of Regulations - Significant time and effort are needed to develop regulations, and starting from scratch with new regulations requires specific talent and expertise. To create sustainable regulations, stakeholders must have ample time to review proposed regulations and opportunities to communicate with regulators in a

meaningful way how they impact operations and patients. The volume of regulations needed to be developed in the initial years of the agency development is overwhelming and will taper off over time.

Inherent in the regulatory process is the need for stakeholders to participate in the development of regulations, requiring ongoing relationships and dialog with those the regulations affect. This positive communication can facilitate the process and make it more streamlined and less contentious. Also critically important is the consistency of regulations and the enforcement of those regulations. Investigators, agency staff, and operators alike need to be trained and informed on regulations as they are released or changed and understand how they will be enforced across the state. Consistent and transparent communication is essential so that everyone understands the process and expectations.

Policies and Procedures In addition to developing regulations for entities external to the agency, internal agency policies also need to be developed. Some of these policies may be crossed over from other agencies or standing state policies; however, several will be specific to the cannabis regulatory body. Again, as cannabis is an emerging legal industry, there are not always readily available references, and the development of practices is state-specific, requiring agency staff time and talent.

Orchestration

The complexities of establishing a new cannabis program while simultaneously developing its regulatory agency cannot fully be described in one testimony. The PA medical program is well underway. As you consider legalization for Adult-Use, please avoid the requirement of separate regulatory agencies between medical and adult use. Two regulatory agencies will essentially duplicate most elements, including staffing, operating expenses, policy development, etc., and introduce unnecessary confusion among licensees. A single regulator dedicated to cannabis is the best practice in the industry to streamline cost, operations and communication.

As in my previous testimony, we suggest that any adult-use legislation create a separate and distinct regulatory body dedicated to both medical and adult-use cannabis control, whose authority and responsibilities are excruciatingly clear. We have experienced that in the absence of clear legislative intent, regulators will invoke broad interpretations and use the law in a potentially harmful manner to market stakeholders, including industry members and patients. The aim should be to build accountability at the highest level, ensuring the agency is invested in establishing a solid program and applying consistent regulation and communication across all participants.

Thank you for this opportunity to provide input as you contemplate your next steps. gLeaf is happy to be a knowledgeable resource and work with your office to help formulate legislation that creates an industry-leading adult-use market defined by coherent oversight, a balanced supply and healthy competition, and safe products for all Pennsylvanians.

Please contact me with any questions. I look forward to talking with you soon.