

## Vermont Compliance & Enforcement Subcommittee Meeting Minutes –Sept 16th, 2021

### Board members in attendance:

- Kyle Harris
- Nellie Marvel
- Brynn Hare

### Advisory members in attendance:

- Cary Giguere
- Ashley Reynolds

### Subcommittee members in attendance:

- Tom Nolasco
- Mark Gorman
- Ashley Manning

### Additional attendees:

- Brandon King of the Dept of Liquor and Lottery
- Stephanie Smith
- Todd Baily, interim CEO of TRACE
- 5 members of the public

Tom Nolasco calls the Board to order at 2:06pm.

Minutes recorded by Ashley Manning.

Initial discussion was surrounding Seed to sale addressing Todd Baily, the interim CEO of TRACE, Vermont's hemp track and trace program. The Agency of Ag already has a relationship with TRACE.

Stephanie Smith has worked with TRACE extensively during her time with The Agency of Ag. Vermont's Information Consortium does hemp credit card processing.

Todd Baily is the interim CEO and has been working with the company since its inception and will be in the CEO role for a short term basis. He is a partner with a Public Affairs firm in Vermont. A lot of the current features for hemp are similar features that could easily be adapted to a recreational program that focused on both hemp and cannabis with the small cultivator in mind, simple affordable, easy. TRACE ensures diversion, quality control and lab results with a QR code that is less expensive than an RFID tag and can still provide all the info needed for state regulators. TRACE is Similar to METRC, MJ Freeway, and biotrack THC, but TRACE is focused on small businesses. TRACE was originally based on blockchain. The data is less likely to be altered with blockchain if Vermont would want to implement blockchain for an additional layer of security, but it is not required to use TRACE.

Kyle Harris stated a majority is planning ½ acre or less and Vermont is tasked with addressing the small cultivators and being that TRACE has that capability it would be a good fit for Vermont small growers.

Stephanie Smith discussed that moving from paper to a digital database that has functionality was difficult and advises the board to have a process in place before issuing licenses.

Ashley Reynolds asked where cultivators are getting their seed for tracking? Is there a nursery being created for seeds and clones?

Todd Baily added that from a tech perspective, tracking regardless of phase, seed or clone you will be able to create a data point at any part of the process, that QR code has the ability to start the tracking at the seed or clone, wherever regulators state it needs to start whether its at the Seed/clone, harvest, testing, processing, shipment to retail, its up to the regulators to decide those checkpoints.

Lab testing was briefly discussed and that they are potentially going to be subsidizing testing for small growers.

Kyle Harris asked Todd Baily if he can give CCB and sub committees more information for what it would cost the VT CCB to implement TRACE to help move in this direction that would be helpful and Todd Baily said he would gather that information but based on not knowing the market structure it would be hard to give accurate numbers, but a good reference point to start.

Todd Baily added that any inventory system can integrate with TRACE and that all competitors use RFID tags, and that expense is not often captured for the states, that cost is on the license holder.

Tom Nolasco questioned Todd Baily about what the CCB will be able to see by using TRACE?

Todd Baily stated that all information would be available to the CCB via the dashboard, and it is dependent upon the initial datapoint for the rest to work. It is all linked to the QR code.

Tom Nolasco questioned Todd Baily about what he has seen from other states in terms of failures with their seed to sale software, delays, slow connections, slow updates and security breaches and any troubleshooting problems TRACE has encountered?

Todd Baily stated the Chief Technical Officer of TRACE Chris Babcock would be able to give a better deep dive and noted that trace is a startup and won the Vermont contract and was the first in the nation, he is happy to pass the info along to Chris for further guidance.

Todd Baily said a 15-20 min demo of TRACE can happen at a future meeting.

Cary Giguere stated that seed to sale should address consumer protection vs a diversion tracking by lot, all pesticide use is tracked, where it gets processed and more information tracking.

Kyle Harris asked Cary Giguere how the division handles pesticides and what can the agency do for cannabis?

Cary Giguere answered that the Agency of Ag has 1 hemp inspector and have potentially 5-6 field inspectors trained to do pesticide inspections. When we find out the market size is, we will know how many inspectors they will need.

Kyle Harris asked if the CCB should move forward with an MOU with the agency of ag?

Kyle Harris asked the subcommittee members about what else they feel they need to see to give a comfortable recommendation to the board.

Kyle Harris asked that NACB bump security up the priority list?

Tom Nolasco stated yes, it is mostly around cash management.

Kyle Harris asked Tom Nolasco to provide a reference point on local ordinances and fees for Mondays meeting.

Motion to adjourn at 2:59