

Frequently Asked Questions as of May 14, 2020 pertaining to retail cannabis and the City's responses are as follows:

1. Will the City be notifying individuals who already submitted a Commercial Cannabis Business application that their applications is flawed or incomplete in some way and requires resubmission?

Response: No. The City and/or HdI have not reviewed any of the Commercial Cannabis Business (CCB) applications (included related documents) that have been submitted to date. The City and/or HdI will not begin the review of any the CCB applications until *after* the May 22 at 4:00 p.m. deadline for the submit of new CCB applications (including applications that replace an existing application). As such, the City and/or HdI will not be notifying those who have already submitted applications that their application was flawed or incomplete in some way.

2. Why did the City reopen the process for the submittal of Commercial Cannabis Business (CCB) applications? Will the City be notifying individuals who already submitted a Commercial Cannabis Business application that their application is flawed or incomplete in some way and requires submission?

Response: This was a decision made by City staff. Questions were raised by some of the applicants regarding the application process and alleged inconsistencies in the deadline for submitting the Commercial Cannabis Business (CCB) applications. While the City disagrees with that position, for purposes of full transparency, the City elected to reopen the process. The City is allowing all interested parties meeting the requirements of the application to submit a new CCB application or submit a replacement application for an application that was already submitted. All such submittals will need to be made by the new deadline and meet the requirements for the guidelines.

3. The instructions indicate that "Owners" must undergo a live scan when it becomes available and in the interim complete the online background application form. However, Oxnard Municipal Code §11.410(ax)(4) defines "Owner" to include an individual with a "financial interest in the business." Please clarify that mere "financial interest holders" who do not otherwise meet the definition of an "Owner" are not required to undergo live scans or background checks.

Response: Yes, this is correct.

4. Page 3 of the Commercial Cannabis Business Application requires information for Owners and Financial Interest Holders and appears to require less information be provided for the Financial Interest Holders (name, date of birth and ownership percentage) than for Owners. However, the form does not include a box to indicate whether the person is an Owner or Financial Interest Holder, and for Financial Interest Holders there is no

line to place their date of birth, if that is in fact required. As such it is not clear whether this form is intended for Financial Interest Holders. In addition, there is also a box to check “yes” or “no” whether “Background information Included as required,” and it is unclear whether you would check “no” for Financial Interest Holders, and “yes” only for Owners. Can you clarify these issues?

Response: All owners and individuals with any financial interest shall be disclosed. All individuals disclosed shall be required to submit for a background check. Applicants should complete the application form for ownership and disclose those individuals who have financial interest in the business greater than 20% (defined as an owner, per definition within Ord. 2960). Date of birth will be requested as part of the background process. Page 3 of the application stipulates that this form is required to be completed for owners/ownership and those considered financial interest holders.

5. Where Sections 1.1 and 8 seek “Owner” qualifications, can you confirm that this is not intended to include mere Financial Interest Holders, although Oxnard Municipal Code §11.410(ax)(4) defines “Owner” to include an individual with a “financial interest in the business?”

Responses:

Section 1.1, Owner qualification – Applicants are expected to submit resumes for those individuals who meet the definition of “Owner” in Oxnard Municipal Code §11.410 (ax) (4) – Ord. 2960. Those who submit resumes are also expected to submit the request for an on-line background check.

Section 8.1, Qualification of Owners – Applicants are expected to further describe their professional qualifications and prior cannabis business experience previously mentioned in their resume. Applicants are expected to provide the location of such business along with copies of permits and licenses.

6. Page 1 of the Commercial Cannabis Business Application requires the “Physical Address” for the Applicant be provided under “Applicant Information,” and then in the box for “Proposed Location” asks for the “Property Owner Name” and asks for an “address.” Can you clarify that in the first box you are looking for the Applicant entity’s address which may not be the same as the proposed location address, and in the second box you are looking for the address of the proposed retail location, and not the address of the property owner?

Response: This is correct. The “Physical Address” requested in the Applicant (Entity) Information section of the application should be the address for the actual applicant whether it is an Entity or Individual. In some cases, this address might be the same as the Proposed Location. The “address” requested in the Proposed Location section of the application should be the physical address of the proposed location. The property owners’ address is required on the Property Owner Consent Form found on page 4 of the application.

7. The application asks for proof of Commercial General Liability insurance coverage in the amount of \$1 million, and then suggests below in a footnote that this is required at the time of permit issuance. For purposes of the application submission on April 2nd, is an estimate or commitment letter enough?

Response: Yes. For those Applicants who have not yet secured insurance, a commitment letter may be submitted as of proof of comprehensive general liability insurance for the purposes of the Phase 1 Application Submittal Checklist. Proof of the actual policy will be required as a condition of approval of permit issuance.

8. On the Property Owner Consent Form, under Property Owner Information, the first line asks for the property owner name and the second for an entity, if applicable. If the property is owned by an entity, not an individual, can the first line asking for the name and title be ignored?

Response: Yes, this is correct.

9. With respect to the Description of Application Criteria for specified numbered sections, can an applicant include subtopics in a given section that are not expressly requested (i.e., the procedures for how consumers will be allowed to make purchases, the procedures for mitigating environmental concerns, or a description of the overall design concept of the building) without being penalized, and if so would you prefer those additional topics be given their own subsection number (i.e., section 1.6.1.g or section 5.4), covered in an introductory section of a given topic, added on to an existing numbered topic, or any of the above?

Response: The numbering system used in the Appendix A: Description of Evaluation Criteria should only be considered a recommendation. Although Applicants will not be penalized for organizing their application as they see fit, they are encouraged to organize their application similarly to ensure the evaluators are able to locate and credit the response to each criteria.

10. Can you confirm that a local hiring or diversity hiring plan is not part of the Labor and Employment Plan and evaluation criteria?

Response: Although applicants are encouraged to consider local and diversity hiring neither are not specific requirements of the Labor and Employment Plan.

11. Can you address whether an Applicant will be penalized if it includes as part of the Owner qualifications, relevant activities of a medical cannabis collective under Prop 215/SB 420 that might have violated local laws?

Response: Applicants will not be penalized for prior involvement in medical cannabis activities that were conducted under Proposition 215 or Senate Bill 420.

12. There seems to be overlap between sections 1.6.1.b of the Business Plan section, which asks about procedures for receiving deliveries during business hours, and section 1.6.1.e, which asks about “product handling procedures; is the former meant to address how the product gets into the premises, and accepted for delivery from distributors, and the latter to address everything that happens with products once it is received from distributors, including entering into inventory? Or is there a different breakdown you have in mind?

Responses:

Section 1.6.1.b Identify location and procedures for receiving deliveries during business hours. Applicants are expected to describe how the Retail business will receive shipments of inventory. The proposed procedures are expected to meet the requirements of CCR §5422. Receiving Shipments of Inventory.

Section 1.6.1.e Describe the [customer] product handling procedures. This criteria should have included the word, “customer”. Applicants are expected to briefly describe the sales floor and discuss whether customers will be allowed to handle items prior to making a purchase.

13. Section 2.4 requires a discussion of “employee policies and procedures;” can you provide any clarification because this could be a very broad topic otherwise?

Response: Applicants are expected to provide some insight into employee orientation procedures, new hire training, guidelines for conduct, benefits, etc.

14. What does the city mean by “product handling procedures” in Question 1.6.1? We are interpreting this as customers handling products in the sales room and are basing this on the fact that 1.8 asks for comprehensive inventory control procedures and 1.6.1.b asks for procedures for receiving deliveries during business hours. Is this correct?

Response: Yes, this is correct.

15. On the Cannabis application, what do we do about corporate entities that are owners of the Applicant entity? Do we include the name of the corporate entity owner or just the human beings that own it?

Response: If the Applicant entity is part of a multi-layer corporate structure, the Applicant should consider briefly explaining the structure at the beginning of the Proof of Capitalization section in digital File #3. Page 3 of the Commercial Cannabis Business Application should be reserved for the individual owners who have the greatest financial interest and are directly involved in the day-to-day operations.

16. How would you like us to document that a trust owns part of an applicant entity? Should we disclose the trustee as the owner like we would for a state cannabis application?

Response: Yes, disclose trustee owners as you would for the state application. This information should be described in the Proof of Capitalization section in digital File #3. This detail should not be considered part of the 125 page limitation.

17. Business Plan - 1.6.1.e Describe the [customer] product handling procedures. Clarify this process.

Response: This criteria should have included the word, “customer”. An adequate response to this criteria would contain a description of how and when customers are allowed to handle cannabis products before and after a sales transaction. Applicants are expected to briefly describe the sales floor (will there be cannabis products in areas that customers can reach) and provide detail as to whether customers will be allowed to personally select item(s) from shelves and/or displays. Will customers be allowed to walk around with selected items(s) or will they be prohibited from handling item(s) until a sales transaction has been completed? What type of exit package will be provided to customers?

18. "Section 11-447. Non-Store Front Retailer Vehicle Requirements - Prior to commencing operations, a cannabis Non-Store Front Retailer shall provide the following information to the City:

- (a) Proof of ownership of the vehicle or a valid lease for any and all vehicles that will be used to deliver cannabis or cannabis products.**
- (b) The year, make, model, color, license plate number, and Vehicle Identification Number (VIN) for any and all vehicles that will be used to deliver cannabis goods.**
- (c) Proof of insurance as required in Section 11-434(b) for any and all vehicles being used to deliver cannabis goods.**
- (d) The licensee shall provide the City with the information required by this section in writing for any new vehicle that will be used to deliver cannabis goods prior to using the vehicle to deliver cannabis goods.**
- (e) The licensee shall provide the City with any changes to the information required by this section in writing within thirty (30) calendar days."**

We just want to make sure that this vehicle can be employee owned with all the delivery vehicle requirements made to the vehicle to adhere to the City and State regulations or does it have to be owned by the CCB licensee?

Response: Nothing in Section 11-447 specifically requires the delivery vehicle to be owned by the CCB. Vehicles may be driver owned as long as the vehicle is compliant with CCR 5417 (a) through (f) (Delivery Vehicle Requirements).

19. In the business application you reference a requirement regarding proof of insurance. As the business is not open yet what type of proof do you require? A current policy that reflects the 1M per occurrence? Could you please clarify this?

Response: In the event Applicants are unable to obtain proof of comprehensive general liability

insurance prior to submitting their Commercial Cannabis Business Application, Applicants are encouraged to provide a letter of eligibility from an insurance company or a letter explaining their commitment to obtain comprehensive insurance prior to the approval of the regulatory permit. As indicated by the double asterisk (**) Applicants, Must show evidence as a condition of approval of the cannabis permit.

20. Will a "Table of Contents" page count towards the 125 page limit? Will "section separator pages" count, too?

Response: Table of Contents and Section Separator Pages will be considered part of the 125 page limitation. The intent of the page limitation is to eliminate all the extra content.

21. Can you clarify when we need live scan and HdL background forms completed?

Response:

As part of the application process, each individual applying as an owner must undergo a Live Scan to check fingerprints against the Department of Justice's (DOJ) records. However, Live Scan forms will not be available until the City of Oxnard receives an official authorization code from the Department of Justice. Applicants are advised to monitor the City's website for updates and notification of when forms are available.

22. If possible, please provide your understanding of what is being required during the initial process: The Application requires an insurance policy of \$1M: "Proof of comprehensive general liability insurance (minimum \$1M per occurrence)." It then says "**Must show evidence prior to the approval of regulatory permit issuance." This language is confusing. Also, I think it could be problematic to get insurance on a business that has not even been built out yet. Most carriers even if standard industries do not do this. Is this required as part of the initial submittal or only before the approval is issued? I think getting a commitment to insure might be feasible, but evidence of insurance: an actual certificate of insurance would be tough.**

Response: Applicants are required to show proof of comprehensive general liability insurance. To satisfy the Phase 1 Application Submittal Checklist, Applicants may either show proof of a signed insurance policy or submit documentation from an insurance company stating that the Applicant is eligible for coverage. If an Applicant is unable to produce either document, they should briefly state why they are unable to and commit to producing evidence of coverage prior to being issued a permit. This is not a scored criteria. The goal is to get the Applicant working on the requirement from the beginning of application submittal. Bottom line is that all Applicants are required to show evidence of insurance coverage as a condition of approval

23. Does the safety plan need to be stamped by a licensed fire protection engineer? I would understand that said approval would be required for cultivation and manufacturing operations where special systems and equipment are being utilized. The wording in the document is a bit confusing as it first mentions fire professional then licensed fire protection engineer. I just need to know if I need to reach out to my FPE.

Response: A Safety Plan needs to be either Prepared or Assessed by a fire prevention and suppression consultant. The consultants contact information and/or stamp should be included with the Safety Plan to meet the requirements of the section. Applicant need to remember that this is a competitive process and the goal should be to exceed the minimum requirements, not merely meet the minimum. We understand Retail businesses may not require extremely elaborate Safety Plans, but we need a professional to organize the material so that each plan complies with industry standards and best practices. Applicants should reach out to a fire protection expert but they are not expected to product an overly complicated Plan. It would be perfectly acceptable if he wanted to prepare the Plan himself and have a consultant assess and approve it.

24. Will floor plans, security plans, and other project materials be subject to a public records request/Freedom of Information Act (FOIA) request?

Response: As stipulated in the Application Procedures Guidelines, security plans will not be subject to a public records requests.

25. What is the latest Commercial Cannabis Business Application Procedure Guidelines?

Response: See the document on our website which is dated May 14, 2020.

26. What is the required scale for submittal of cannabis plans?

Response: The scale has been changed from ¼” scale to 1/8” scale.

27. Is a copy of the lease required?

Response: No, a copy of the lease is not required, but the property owner is required to wet sign the application and certify that they agree to submittal of the application.

28. Is an application Transferable?

Response: Cannabis licenses are subject to Section 11.428 of Ord. 2960 pertaining to transferability.

29. Is there a limit on the number of applications which can be submitted on a given site?

Response: No, there is no limit.

30. Does the definition of “owner” from ordinance 2960 still apply in this application period? Or has it subsequently been modified by the City? the definition of “owner” from ordinance 2960 still apply in this application period? Or has it subsequently been modified by the City?

Response: The definition of owner in Ordinance No. 2960 still applies.

31. If the applicant entity (LLC) is a subsidiary of another LLC or a corporation, should the applicant list the parent company(ies) as an “owner” on the application or should they just list the individuals at the subsidiary level who meet the definition of “owner”?

Response: All ownership should be specified/identified.

32. The application states that ownership percentages in the applicant business should add up to 100%. If a parent company is publicly traded, the ownership percentages cannot total 100%. Should applicants list out the individuals meeting the definition of “owner” (most of whom would meet the definition based on officer/director status and not equity ownership), and include a letter of explanation as to why the percentages do not (and cannot) add up to 100%?

Response: Yes, this is appropriate.

33. Should investors in the publicly traded parent company (of which the parent is aware) that are above 5% ownership (but below the 20% threshold for “owner”) be disclosed as a financial interest holder? That is the BCC’s interpretation and the City appears to have adopted that by and large, but it’s not clear on the application and there is no definition in the ordinances or the code.

Response: This has been answered in a prior question on ownership above.

34. I understand that every owner/applicant needs to upload an HdL background via the City website. How do we confirm that our application for background was received as it doesn’t appear that people are receiving acknowledgements or receipts?

Response: As soon as you hit submit HdL does have the information. Do not hit submit again or pay again. HdL will email a confirmation back to applicant (this step just put into place) when they submit a request for a background check. Remember ALL owners are required to be background checked.

35. We need to coordinate notarizing and are wondering if you will accept notary via an on line we app called Notorize. You can have documents digitally notarized digitally with a notary seal but does not produce a “wet copy”.

Response: All documents requiring notarization may be submitted with the application without being notarized. Applicants moving beyond Phase 2 will be advised when and where to submit the original notarized document(s).